

Minimum wages in 2021: Most countries settle for cautious increase

Despite the unusually tough economic and labour market conditions, most EU Member States made nominal and real increases to their minimum wages in 2020. This is what a first overview of recent minimum wage developments reveals. Some countries lived up to earlier promises or pre-agreements, while other countries strayed somewhat off their original path but still maintained the overall trend of increasing minimum wages in line with other wages. Although most countries were cautious in the level of increase granted, low inflation rates meant that the value of minimum wages still went up beyond rises in consumer prices. For the time being, at least, it can be concluded that the policy response in the context of the COVID-19 pandemic is distinct from the approach taken during the global financial crisis, when a greater number of countries moved quickly to freeze nominal minimum wages.

Introduction

Minimum wage setting is never an easy task, but it is an even more daunting exercise in times of crisis. The COVID-19 pandemic has impacted on economies and labour markets worldwide: suddenly, severely and almost simultaneously; however, some sectors and workers have been much more affected than others...

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