

2021

Public consultation on proposal for an EU Directive on adequate minimum wages in the EU

MINIMUM WAGE
MACRA NA FEIRME

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Macra na Feirme

Minimum Wage

Macra na Feirme are in support of the proposal for an EU Directive on adequate minimum wages in the EU. Macra na Feirme want to see that “adequate minimum wage” be considered equal to the living wage, we expand on this below.

Living Wage

The current living wage for the Republic of Ireland is €12.30 per hour (Living Wage Technical Group, 2020). This rate is unchanged from 2019. This figure was calculated taking into the consideration the differing costs associated with living in rural areas versus cities and Dublin. Each regional rate is weighted in proportion to the population in the labour force in each region.

A living wage is the minimum wage required for workers to achieve a basic standard of living, taking into account existing levels of welfare payments, subsidies and taxes. In the European Pillar of Social Rights, which are built upon 20 key principles, number 6 states “workers have the right to fair wages that provide for a decent standard of living” and “adequate minimum wages shall be ensured, in way that provide for the satisfaction of the needs of the workers and his/her family in the light of national economic and social conditions, which safeguarding access to employment and incentives to seek work” (European Commission, 2021). While number 14 says “everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services.”

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control” - UN Declaration of Universal Human Rights, 1948 Article 25.

After their analysis of European minimum wages policies, Fabo & Belli recommended that making wages ‘liveable’, and guaranteeing EU workers the opportunity to pursue their basic liberties and reducing wealth and income inequality should be the main priority of EU institutions (Fabo & Belli, 2017).

Benefits of living wage

KPMG conducted an assessment of the overall effect of the Living Wage in the UK and found that on the micro-level companies saw increases in productivity (KPMG, 2015).

A study conducted based on UK figures, estimated that almost 22% of households would see some sort of income gain by raising the National Minimum Wage to the Living Wage (Atkinson, et al., 2017). It was also found that approximately one-third of those who saw an income gain would see their disposable income increase by at least 5%. It was also found that raising the Minimum Wage with no

About Macra na Feirme

Macra na Feirme is a voluntary organisation representing a thriving community of 10,000 young people from rural Ireland. We advocate for, nurture, and develop our members aged between 17 and 35 in a fun, inclusive and supportive environment. Our programmes and activities encourage young people to play an active role in their local community, making rural Ireland an attractive place to live and work.

changes in hours worked or employment would be expected to have a significant positive impact on the UK government's finances through the extra income tax and social insurance contributions employees would pay on the additional earnings (Atkinson, et al., 2017).

References

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