

## Even in 2020, more than half of workers did not earn enough.

### A decent wage is crucial even in a pandemic.

*Press release announcing the amount of the minimum decent wage in 2020*

**In 2020, the minimum decent wage rose in the Czech Republic and amounted to 32,438 CZK gross, or more specifically, 37,987 CZK in Prague, and thus still remains slightly above the current median wage.**

**A wage of this amount in 2020 enabled individuals working full-time and their households to cover their everyday expenses based on current price levels.**

The **minimum decent wage (MDW)** instrument was first introduced a year ago, in December of 2019, via the *Platform for a Minimum Decent Wage* by a group of experts. The experts involved sought to address among other things the fact that although **low wages and pay had been debated** in the Czech Republic for some time, a concrete method able to grasp the reality at hand was up until then non-existent.

Traditional poverty indicators only capture a small segment of those threatened by economic uncertainty. The part of society that has remained out of the spotlight are people who, despite working full-time, have a difficult time covering their ordinary expenses. This has an effect not only on **individuals and their health, relationships, and children's education** but also on the **prosperity, resilience, and solidarity of society** as a whole.

“We know from history and extensive current research that trust in the social order depends on economic and social stability and a sense of fairness that society values our efforts. Without a dignified material standard for all, liberal democracy will have a difficult time thriving,” claims Kateřina Smejkalová, a political scientist and expert from the MDW platform.

#### **Minimum decent wage as a basic standard**

A minimum decent wage originates from concepts from abroad regarding a *living wage*. It attempts to quantify how high a monthly wage needs to be in order for people to cover their basic everyday expenses (see the definition at the end of the document). As Alena Paukrtová, a unionist who contributed to the MDW instrument, puts it: “A minimum decent wage means to me that a working single mother can pay for her children to go to ‘school in nature’ [overnight trips often organized by Czech schools] as opposed to having to exclude them from the group because she doesn’t have the money. It also means that she wouldn’t have to shed tears over a broken washing machine or fridge and instead can simply go out and purchase a new one.”

In terms of each expense category, the MDW platform was dedicated to coming up with a detailed definition of what the minimum standard is: several categories have been based on expert recommendations, such as guidelines for a healthy diet or the savings rate. Jan Bittner, a member of the MDW expert platform, comments on the calculations: “Although the details of individual items can be debated, I think it is unlikely that certain expenses would be deemed as above-standard and thus would add up to significantly lower amounts.”

## Czech wages are far behind the European average

The minimum decent wage rose year-on-year by 975 CZK to **32,438 CZK** and by 1,137 CZK to **37,987 CZK** in Prague. Even though the median wage also rose (to 31,183 CZK), it still means that just like last year about **half of all working Czechs failed to earn a wage that would cover their expenses without issue**. This equates to economic uncertainty especially for people who are paying a mortgage or high rent prices, where side jobs at the expense of rest or spending time with their family is necessary or is going into debt or remaining in turbulent relationships.

The MDW also illustrates how **low the various types of income in our country are that poorer households have long relied on**. The Czech minimum wage is not even half the minimum decent wage, nor is the similarly low unconfiscatable minimum that is left to ensure sustenance for nearly a million people subject to distraint (i.e., required monthly payments to debtors or property seizure) and insolvency (see the table at the end of the document). “The main issue here is the enduring nature of low incomes which contributes to falling into a trap of poverty or debt – also problematic is the frustration felt when no one notices or cares to address the situation,” explains Lucie Trlifajová, anthropologist and member of the MDW platform.

At the same time, the MDW is approximately **350 euros less than the current official German minimum wage**, and in terms of purchasing power, the MDW only slightly exceeds it. This reflects the long-term low level of Czech wages in comparison to those of western EU member states. “There is a danger that these inequalities will be replicated by the currently discussed European minimum wage, provided it were set in relation to a country’s average or median wage”, explains Kateřina Smejkalová.

## Why do decent wages need to be discussed during a pandemic?

The increased vulnerability of those with lower incomes and consequently, all of society, becomes especially apparent during **crises, just like, for example, in the current coronavirus pandemic**. Adequate savings are crucial for households to cover loss of income or higher healthcare costs. Such negative effects are currently most likely apparent for single mothers, as the pandemic has further multiplied gender inequalities related to pay. Other consequences of low wages have also become evident: “When online teaching was introduced, the government expected that everyone would have a computer. This precisely captures how isolating it can be when you are lacking something generally perceived as a basic amenity,” points out Lucie Trlifajová.

However, the issue here concerns more than just resilience towards the immediate negative effects of the pandemic. Economist Bittner explains that “Through the updates we have made to the MDW, we would also like to draw attention to the likely economic downturn, which should not be used as a pretense for lowering wages. Rather, a **dignified wage needs to be at the heart of post-covid economic renewal**.” By ensuring that households have adequate incomes, local demand and therefore also the local economy will be stimulated.

Above all, however, it is crucial that society emerges from this crisis more resilient to other crises, rather than even more destabilized and polarized.

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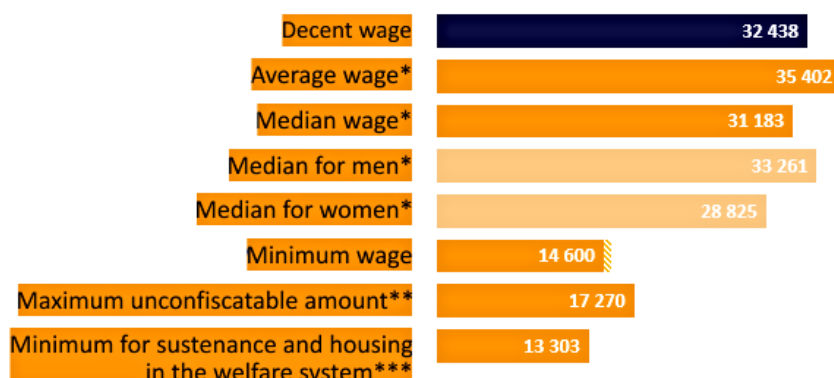
## What is a minimum decent wage?

A **minimum decent wage** is derived from concepts from abroad regarding a *living wage*.

It attempts to quantify on the basis of current prices the amount of income people need to cover their everyday expenses. For these purposes, the amount for standard expenses has been calculated in eight categories: **housing, groceries, clothing and footwear, transportation, telecommunications, health and hygiene, free time and educations, and savings**. When possible, the calculation utilizes available data, official methodologies, or expert recommendations. In addition to completely necessary expenses like food and clothing, additional items necessary for ordinary involvement in society are also included.

For more information, visit: [www.dustojnamzda.cz](http://www.dustojnamzda.cz)

## Czech context of a decent wage



\*3rd quarter 2020 (Czech Statistical Office)

\*\*Maximum unconfiscatable amount for preferential distraints (1+1, for gross wage of 45,098 CZK)

\*\*\*Sum of living minimum and normative housing expenses (1+1, town w/max. 50,000 inhabitants)