

Workers' organisations as actors of European anti-inflation policies



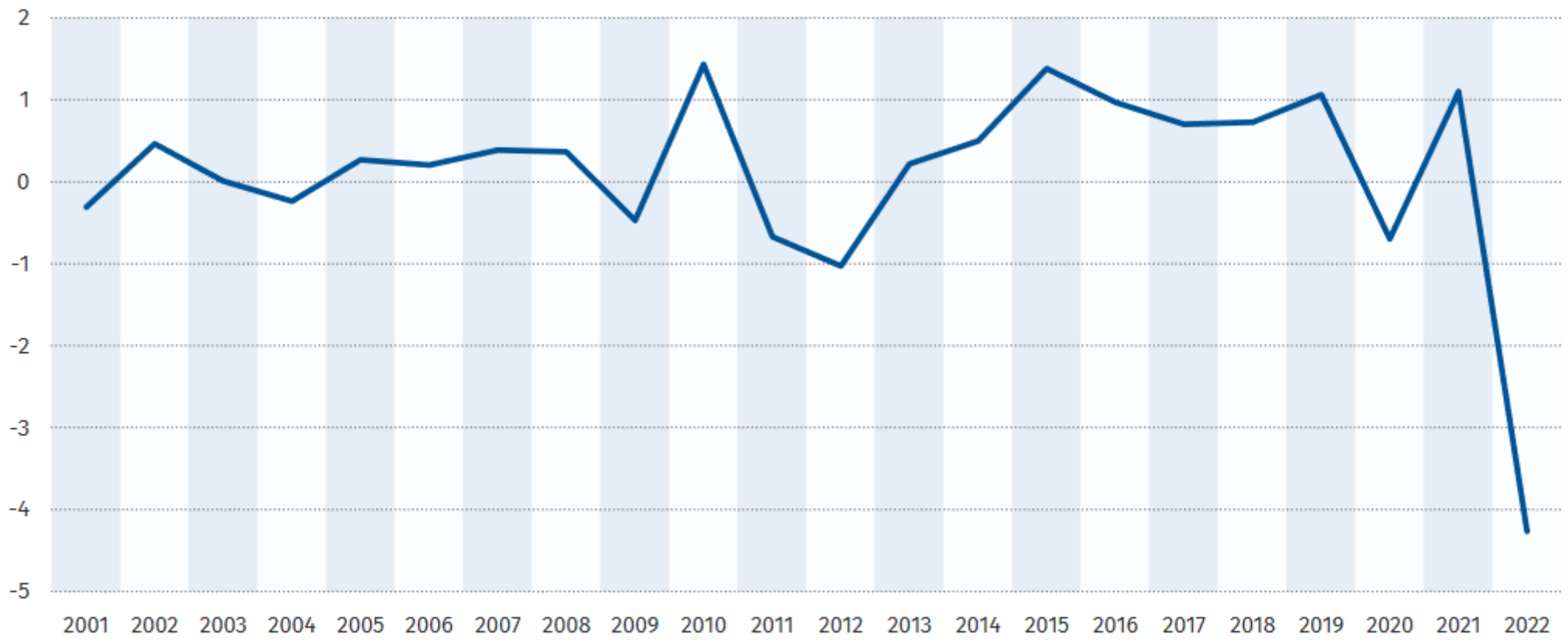
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Timely and effective implementation of the Directive on Adequate Minimum Wages in the EU

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▶ Development of real wages* (2001-2022)



Note: * Nominal compensation deflated by annual average change HICP. As real compensation represents the purchasing power of compensation; i.e. the ratio of nominal compensation to prices, real compensation has been calculated using the following formula: nominal compensation index x 100 divided by consumer price index (for more details, see WSI Tarifarchiv 2023).
Source: AMECO database (HWCDW), 15 December 2022 for nominal compensation; Eurostat (2023a) for HICP, 15 December 2022.

▶ Principal objectives of EMW Directive



- Promotion of **Adequate Minimum Wage Levels**
- Promotion of **Collective Bargaining**

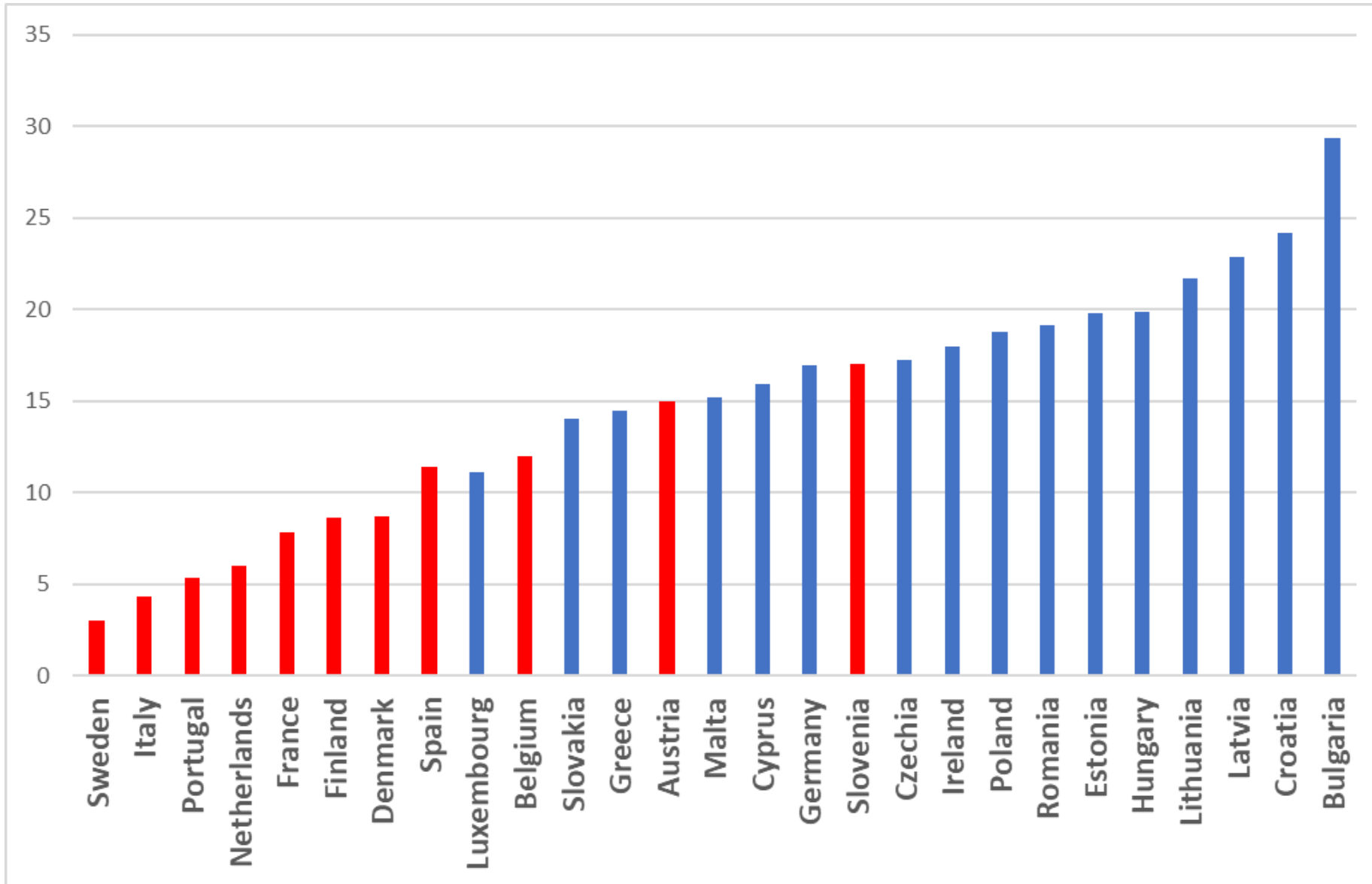


What the directive does not want to do:
(... and is legally not allowed to do!)

- **Substantial harmonisation:** Establishing a uniform minimum wage amount across the EU
- **Institutional harmonisation:** introducing statutory minimum wages across the whole EU



Low pay and CB Coverage



■ Coverage less than 70%

■ Coverage more than 70%

Low pay: share of full-time workers earning less than 2/3 of gross median pay.

Source: OECD Earnings Database

▶ Setting out procedures to achieve objective of adequate MW



Criteria to be taken into account when setting or updating minimum wages:

- (a) **the purchasing power** of statutory minimum wages, taking into account the **cost of living**;
- (b) the **general level of wages** and their **distribution**;
- (c) the **growth rate of wages**;
- (d) **long-term national productivity** levels and developments

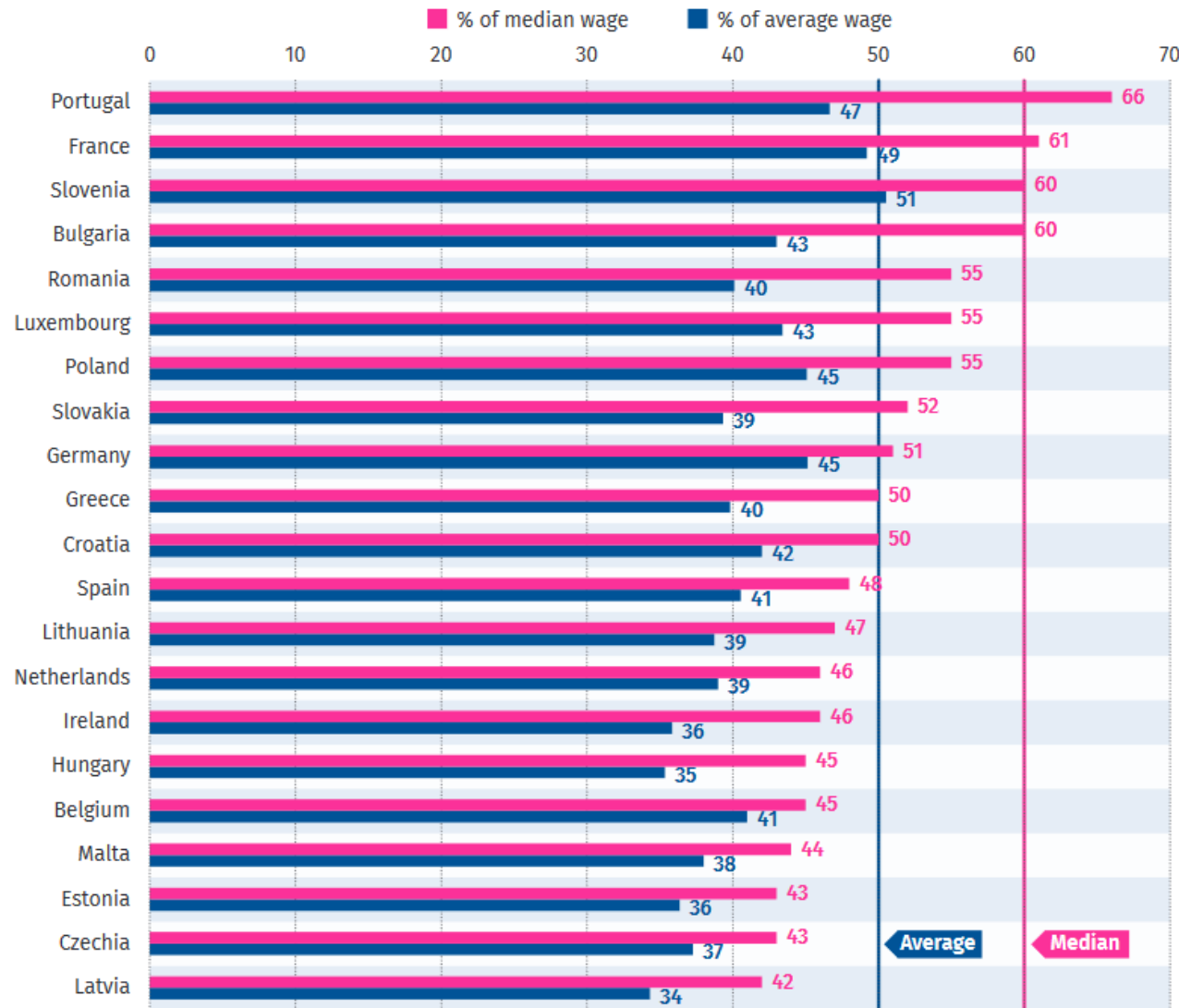


Criteria to guide the assessment of adequacy:

indicative reference values commonly used at international level such as **60%** of the **gross median wage** and **50%** of the **gross average wage**



MW as % of median and average wage (2021)



Only Slovenia fulfilled the adequacy criteria in 2021!!!

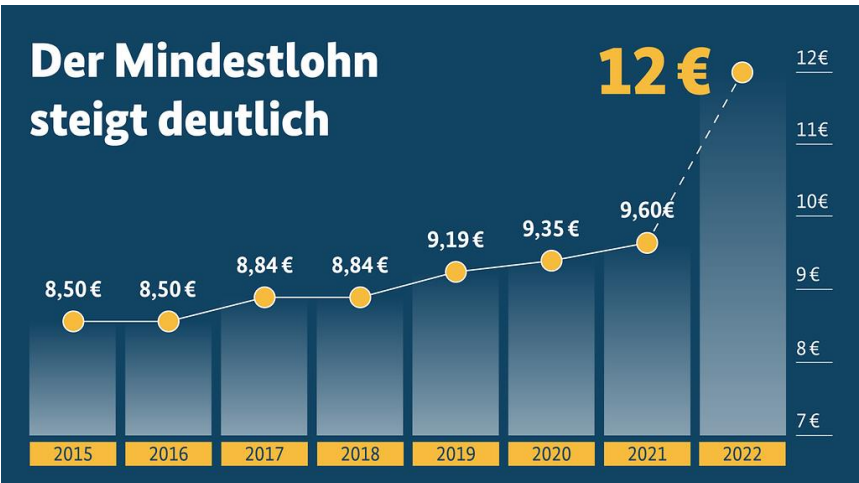
In 20 countries with a statutory MW more or less substantial increases are needed to meet the adequacy criteria!

Source: OECD earnings database (OECD 2022b). For Bulgaria, Croatia and Malta: data from 2018 (European Commission 2020).

▶ Impact on statutory minimum wages



Germany: increase to €12 = 60% of median



Ireland: plans to increase MW to 60% of median

Politics

Minimum wage to be phased out by 2026 for new living wage

Living wage will be 60% of median wage in any given year, under proposals



Source: Irish Times, 14 June 2022

Austria: Unions demand €2000 per month = more than 60% of median



Löhne und Inflation
ÖGB fordert 2000 Euro Mindestlohn



ÖGB-Chief Wolfgang Katzian. APA/EVA MANHART

Belgium: calls for MW increase to €12 to reach 60% of median

The Brussels Times

Belgian minimum wage does not meet new European standards

Friday, 10 June 2022
By Dylan Carter

Netherlands: FNV pushes for MW increase to meet European criteria

NL#TIMES

Trade union pleased with EU deal on minimum wage; Pushes for €14 p/h

▶ Provisions aimed at strengthening of CB



- Confirmation that CB is **prerogative of trade unions** (Art.3.3);
- **Promoting** the capacity of bargaining agents to bargain at (cross-) **sectoral level** (Art.4.1a);
- **Protecting the right to collective bargaining**, including protection against discrimination of trade union reps who (wish to) exercise this right (Art.4.1c);
- Clarification of the rules on **public procurement** (Art. 9)



▶ Setting out procedures to strengthen CB



Criteria to ensure stronger collective bargaining: Art.4(2)

“Member States shall, where the collective bargaining coverage rate is **less than a threshold of 80%**, provide for a **framework of enabling conditions** for collective bargaining, either by law after consultation of the social partners or by agreement with them. These Member States shall also establish an **action plan to promote collective bargaining.**”

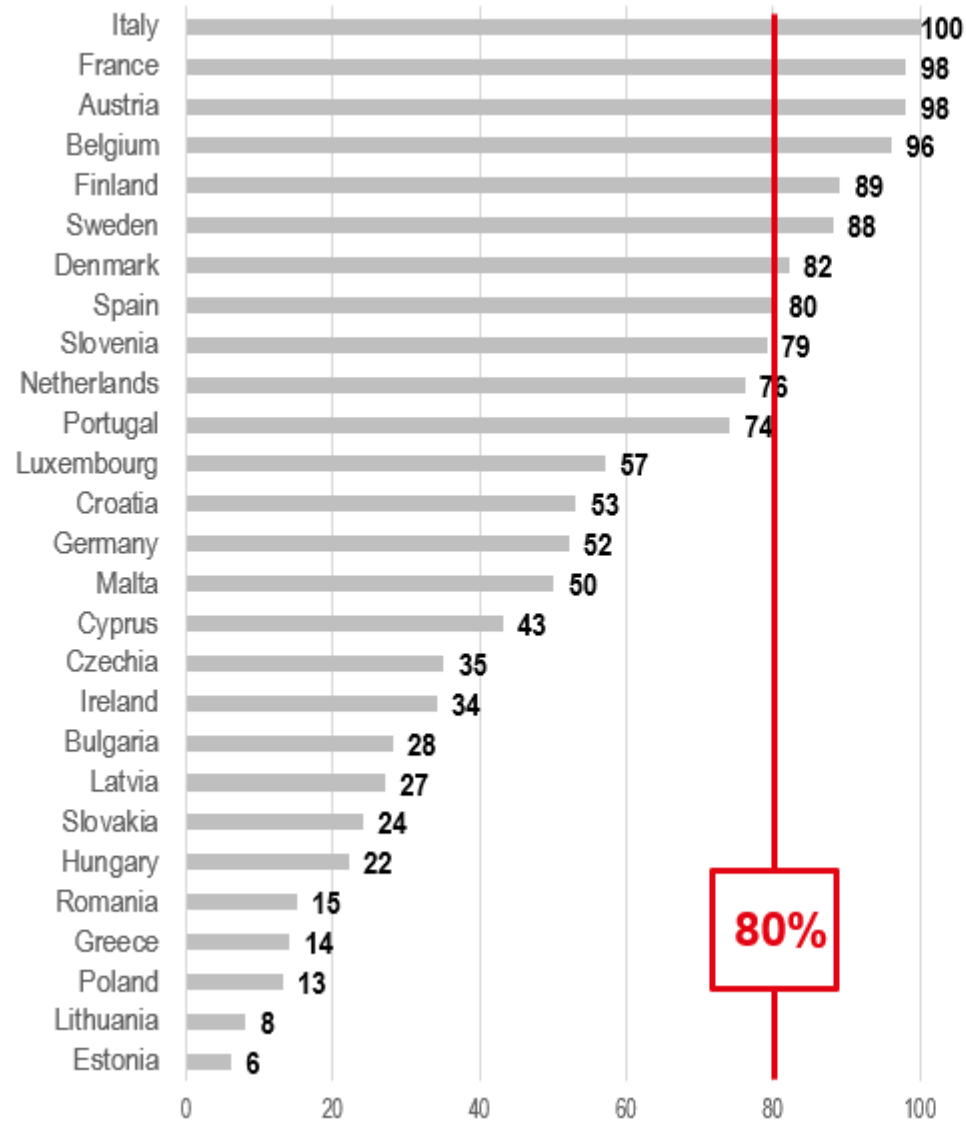


The **action plan** shall

- set out a **clear timeline and concrete measures**
- be **reviewed regularly and updated** at least every 5 years
- be **made public** and notified to the European Commission



Collective Bargaining Coverage



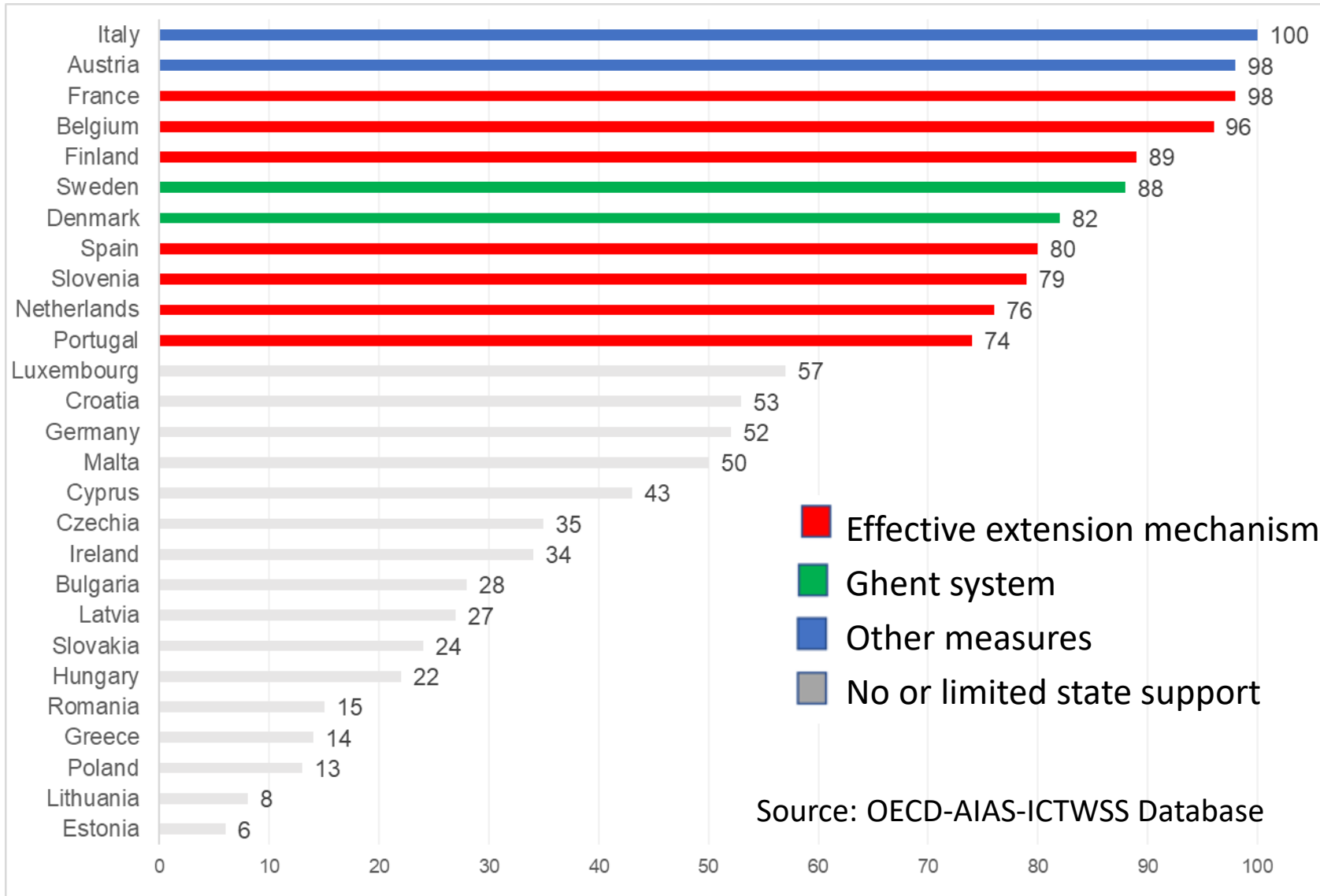
8 EU Member States
with a
Collective Bargaining Coverage > 80%

19 EU Member States
with a
Collective Bargaining Coverage < 80%

80%

Quelle: OECD

Collective Bargaining and state support



Preconditions for high CB coverage:

- Sectoral CB
- State support through extension or other mechanisms

► Policy Recommendations



- **Timely transposition** of the EMWD into national law to promote adequate minimum wages and adequate collective bargaining coverage as two important tools to deal with the cost-of-living crisis;
- Of the Directive's four criteria for setting minimum wages “**purchasing power taking into account the cost of living**” should be given clear priority in times of high inflation;
- Following the example of a range of countries, Member States should anticipate the effect of the Minimum Wage Directive by already applying its **criteria for adequate minimum wages of 60% of the median and 50% of the average wage** as the benchmark for setting statutory minimum wages;
- Because high coverage ensures higher wage levels, Member States should also go early by taking the **Directive's 80% threshold for adequate collective bargaining coverage** as the benchmark for establishing action plans to gradually increase collective bargaining coverage.

▶ Thank you very much for your attention!

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Link: <https://www.etui.org/Podcasts>



<https://www.etui.org/publications/books/collective-bargaining-in-europe-towards-an-endgame-volume-i-ii-iii-and-iv>