



## **FAIR WAGES!**

Collective bargaining **FOR ALL**  
and fair minimum wages



# **ETUC CALLS FOR IMPROVEMENTS TO THE DIRECTIVE TO ACHIEVE FAIR MINIMUM WAGES & COLLECTIVE BARGAINING**

## **WAGES DRIVE EU ECONOMY**

Pay matters not only for workers' and their families' life opportunities, but for business as workers spend their wages on goods and services. EU economies are driven by 'internal demand'. Higher wages = higher spending ie demand.

## **WHY WE NEED THE EU TO PROMOTE COLLECTIVE BARGAINING**

The number of workers covered by a collective agreement is down in 22 of the EU's 27 member states.

Workers covered by a collective agreement have better pay and working conditions than those not covered by a collective agreement.

Several EU countries do not comply with the rights to organise and right to collectively bargain as set out in the European Charter of Social Rights.

Higher statutory minimum wages and stronger collective bargaining would boost economic recovery from Covid-19 and reduce inequality which has been on the rise since the 1980s.

## **WHY WE NEED THE EU TO SECURE HIGHER MINIMUM WAGES**

7 out of 10 workers on minimum wages find it difficult to make ends meet.

The proportion of people in the EU who work but still face poverty increased from 8% in 2007 to 9% in 2018.

In 12 EU member states – including Germany, Italy and Spain – the proportion of people who work but still face poverty increased between 2010 and 2018.

Many COVID-19 essential workers such as carers, cleaners, health workers and agricultural workers earn only the minimum wage.

Higher minimum wages push up pay for all lower-waged workers. The evidence is that introducing and increasing minimum wages do not destroy jobs.



In October 2020 the European Commission published its proposal for an **EU DIRECTIVE ON ADEQUATE MINIMUM WAGES IN THE EU**

<b>ETUC welcomes</b>	<b>AMENDMENTS ARE NECESSARY to protect against unintended consequences and detrimental impact and to ensure that the Directive lives up to its stated aims</b>
It is a Directive = a binding law	
The 'legal base' is the right one - working conditions	
It obliges member states to take action to promote collective bargaining  All member states with less than 70% of workers covered by collective bargaining to a National Action Plan to boost collective bargaining	<b>Article 4</b> It is essential to changes the definition of collective bargaining to protect the prerogatives of trade unions (this means replacing "workers organisations" with "trade unions"). It is unacceptable if employers seek to replace trade unions with works councils or other non trade union workers' representatives. Member States must be specifically required to increase collective bargaining coverage and to ensure the respect of the right to collective bargaining for all workers, including non-standard and self-employed workers. The framework of enabling conditions must be such that the national action plans can have real improvements (really contribute to increase collective bargaining coverage). Include provisions against union busting.
It obliges EU member states to promote adequate statutory minimum wages	<b>Article 5</b> Delete "productivity" from the criteria, it is inappropriate to make increases in minimum wages dependent on workers increasing their productivity.

<p>and guarantees the involvement of trade unions</p>	<p>The Directive should introduce a threshold of decency of 60% of the gross national median wage and 50% of the gross national average wage below which statutory minimum wages must not fall.</p> <p>An obligation on Member States to end exclusions from statutory minimum wages (eg for young workers, domestic workers, migrant workers), sub-minimum rates (eg for young workers) and deductions (eg for uniforms or training)</p>
	<p><b>Article 8</b> Strengthen the controls and intensity of field inspections and guarantee that inspectorates and other bodies responsible for the enforcement of statutory minimum wages have the necessary human and financial resources.</p>
<p>Requires member states to insist that companies benefitting from public procurement respect wages defined in collective agreements in their sector and region</p>	<p><b>Article 9</b> Changes are needed to oblige Member States to ensure that companies that access public procurement contracts or benefit from public funds are party to a collective agreement and that any employer who denies workers their trade union rights is prevented from accessing public contracts and funds.</p>
<p>It aims to protect national industrial relations traditions: no EU country is required to introduce a statutory Minimum Wage or collective bargaining extension mechanism</p>	<p><b>Article 10 &amp; Missing safeguards</b> Member States must not be obliged to record / require the publication of collective agreements which are not universally applicable.</p> <p>The monitoring mechanism should ensure the participation of social partners.</p> <p>The monitoring mechanism must aim at ensuring the respect of the objectives of the Directive, i.e. at guaranteeing that statutory minimum wages are adequate and that collective bargaining coverage increases and the right to collective bargaining is respected (i.e. the monitoring mechanism cannot be used to push wages down or to undermine collective bargaining).</p> <p>Ensure that the Directive respects the different wage setting systems, for Member States where both statutory minimum wages and collective bargaining systems operate and for Member States where wages are defined only through collective bargaining.</p> <p>The Directive needs to be amended to include adequate safeguards so that the Scandinavian industrial relation systems are guaranteed protection.</p>

## **EU TREATY DOES NOT PREVENT ALL ACTIONS ON FAIR CONDITIONS RELATING TO WAGES**

The EU cannot set pay nor can it establish an EU Minimum Wage however this does not mean that the EU is prohibited from dealing with all matters relating to wages. Several EU Directives provide for indicators or thresholds in levels of pay/payments. Protecting workers' right to unionize and collectively bargain is a human rights requirement, and included in the EU Treaties by the EU Charter of Fundamental Rights.

*[Article 153(1)(b) TFEU “working conditions” includes pay/wages/financial components. Article 153(5) TFEU puts some restrictions, however CJEU case law (C-307/50 – Del Cerro Alonso, C-286/06 – ‘Impact’ and C-395-396/08 – ‘Bruno’) confirms that the exclusion in Article 153(5) TFEU must be interpreted restrictively and cannot be read as a full exclusion of competence for the EU to act on the issue of wages/pay. There are ways/formulations to set levels of pay/wages in EU primary/secondary law. It is possible to promote and enhance the role of collective bargaining/agreements in EU secondary law next to regulating/in support of primary working conditions].*

## **THE CONCERNS ABOUT SUBSIDIARITY**

Under Article 5(3) TEU the EU should not intervene if the objectives can be better achieved by Member States themselves, this is called the “principle of subsidiarity”. It is clear that on the issue of wages, and poverty wages in particular, the situation is getting worse. Income inequality continues to rise dramatically, and the situation calls for action at EU level. In addition, the EU has an obligation to act in order to achieve the objective of continuous improvement of living and working conditions (Art 151 TFEU). The European Pillar of Social Rights establishes the principle that “workers have the right to fair wages that provide for a decent standard of living”. Promoting collective bargaining cannot be considered an unjustified interference, as it is a fundamental human right and an essential precondition for the “social market economy”. Taking no action means that the objectives and obligations of the Treaty would be denied, and Member States would be allowed to compete on a race to the bottom on poverty wages and non-respect of collective bargaining rights.