

First phase consultation of Social Partners under Article 154 TFEU on a possible action addressing the challenges related to fair minimum wages

The ongoing consultation process on the launch of a possible EU-initiative on a fair minimum wage comes as the first demonstration of the European Commission's commitment to advance on the social dimension of Europe. We welcome the approach adopted in the communication « Strong social Europe for just transitions », focusing on the « upgrade (of) Europe's social market economy to fit the opportunities and challenges of today and tomorrow and ensure just transitions for all » focused on the instrument of the European Pillar of Social Rights. The upcoming evolution of our economies and productive models on the path of sustainability, announced by the European Green Deal, will bear short-term negative consequences on labour and social aspects of some specific sectors and geographical areas ; in this sense, the journey towards a carbon-free Europe within 2050 will not be guaranteed if next to the environmental dimension of sustainability, the social one will not be duly taken care of.

Before entering into the detail of the questions mentioned in the consultation document, CEC would like to take this opportunity to express a general consideration on the role of social dialogue, both at EU and national level, and the interplay between the autonomy of social partners and the decision-making powers of public authorities.

In the area of social policies, the competence of the European Union is of « support and complement » to the one of Member States, that remains the foundation one. To this first criteria for distributing competences between the European and the national one, in many countries – depending on the specificity of national industrial relations systems - another one adds, attributing the primary responsibility for adopting decisions in the fields of employment and social policy to social partners, legitimized on the basis of mutual recognition and full decision autonomy. The necessity to respect this repartition of competences, and the diversity of institutional mechanisms and procedures that the European Commission has itself recognized and promoted as a founding principle of its action, needs also in this specific case to be at the core of the initiative. This necessity becomes even more pressing if we consider how the specific issue of « pay » (to which

inevitably an initiative aiming at intervening on the setting of minimum wage across Europe is linked) is considered – in the Treaty itself – as a particularly protected domain.

Finally, the amplitude of the debate on this topic in the wake of the presentation of the initiative is a clear demonstration of its delicate nature. While in some cases the arguments used on the different sides reflected unreasonable worries or expectations, sometimes stirred by an incomplete knowledge of the subject, we cannot avoid stressing how the need to respect national schemes, rules and prerogatives in the field of wage-setting is a reality that cannot be ignored, but rather around which policy orientations must be built.

a) Do you consider that the Commission has correctly and sufficiently identified the issues and the possible areas for EU action ?

CEC has decided to take part in this consultation because of its particular societal value, even if the managers it represents are not directly concerned by provisions on minimum wage. Ensuring that every working person in Europe receives a salary that is sufficient to guarantee the basic living standards (and a meaningful participation in society) is in the first place a duty that our societies – which all share the common belonging to the « European social model » - need to fulfill. Getting people into quality employment is key to achieving the European Union's ambition of fostering upward convergence in living standards across all Member States. While working is generally considered as the best way to avoid poverty, this is not the case for a significant number of European workers. Therefore, it is necessary to take position against the problem of in-work poverty. Furthermore, this initiative would go in the direction of showing the engagement of the European Commission to deliver on turning the commitments of the Pillar into reality.

However, we would also like to point out the necessity to clearly outline the issues at stake at the earliest stage possible in order to limit and contain the worries that could be developed at national level, and hence wrongly influence the public opinion on this initiative. In general, there is a strong need to clarify the debate on what Europe can and cannot do, with solid reference and a fact-based speech. In this field too, it is essential that no false expectations or distorted ideas about the solutions Europe can deliver are stirred up.

Besides this initial consideration, we agree with the observation that the incidence of minimum level salary is higher for specific categories (the young, women, part-time workers or people in new forms of work). As far as the macro-economic analysis mentioned in the document are concerned though, we need to ensure that the setting of a compulsory minimum wage on the wage-setting dynamics would not have negative effects on the crucial role that the different actors of the economic activity (representatives of businesses and labour) are in the best position to handle. This consideration is closely linked with the

reference to the « convergence » effect of the initiative hinted at in the text. Europe has been an effective « convergence machine » in its recent past, allowing for many macroeconomic indicators to increasingly approach to each other ; but as this machine has now come to a halt, there are also other variables on which a European action could be as effective and with clearer competence (from macro-economic coordination to regional policy, from infrastructure to investments in skills). Upward salary convergence among EU countries is a long-term objective, that is rather dependent on other macroeconomic fundamentals progressively tending towards a uniform level. Instead, anchoring the mechanisms that allow for the setting of the minimum wage to domestically based criteria (productivity, average or median salary levels, indicators for poverty, PPP, etc..) should be the structuring principle of this initiative.

A final reflection concerns the adequacy of the wage. If we look at this initiative as a tool to contrast poverty, ensuring every working person a level of earning that allows him/her to participate actively in the society and guarantee basic living standards, then the calculation of the wage threshold could be based on other criteria than the reference to the average (or median) salary for each country. For instance, one could consider the amount of the minimum social welfare benefit that is paid to citizens, increased by a specific percentage, as to better identify the « societal » value of the difference between a working activity and welfare subsistence.

b) Do you consider that EU action is needed to address the identified issues ? If so, what should be the scope of that action ?

The first condition for a possible initiative in this field is the full respect of national rules and traditions in the field of wage setting and bargaining. Such initiative must not infringe on the right for those countries where social partners have the capacity and the legitimacy to conclude collective agreements that include the definition of (sectoral) minimum wages to continue doing so. As a EU social partner organization, whose members are mostly social partner organizations recognized at national level by their respective governments and as such participate in collective bargaining, we consider it fundamental that the mechanisms that every country has decided to adopt to identify its wage setting policies be safeguarded. And in this respect, we would like to stress once more the importance of supporting collective bargaining, at all levels and in all EU countries, as the best tool to ensure the negotiation of salaries and working conditions in a way that is most adherent to the reality of the field and most beneficial to workers.

In our view, the terms of the possible intervention of the EU in this field should allow for the following objectives :

1. Support and encourage the collection of data, to allow for easier country comparisons, including with reference to « harmonized » values that can be used as a common benchmark (based for instance on PPP).
2. Continue providing advice and recommendation, as it is already being done in the context of the Semester process, in a way that is more clearly within its widely accepted competences in the field. To do so, we suggest to consider the recourse to a recommendation, which would give the dimension of the commitment of the European Commission to take a clear position on the issue while at the same time ensuring the full respect of national competences in this field. The recommendation could identify the common objective to reach throughout the Union – ensure every working person in the EU a level of salary that is sufficient to guarantee the basic living standards and allow for his/her full participation in the society) – and provide some technical alternatives on the modalities for the setting of the level of the salary, with the clear reference to the full acknowledgement of the preliminary competence of national social partners in identifying them (and in full respect of national models, traditions and legislative provisions).

c) Would you consider initiating a dialogue under Article 155 TFEU on any of the issues identified in this consultation?

CEC European Managers has always been fully committed to its role and responsibility as European social partner, participating in the different social partners' negotiations that have taken place. Should the necessity to engage in a dialogue arise, following the first round of consultation, we would be ready and willing to contribute in it with our vision, ideas and knowledge.