

Slides for Bucharest

24-25 April 2018, Erlend Hansen



The Wage Coordination Rule



Why CB coordination

- 1998: Devaluations and currency depreciation had become impossible inside Eurozone.
- Avoid wage competition between countries, internal devaluations and decentralisation.
- Protect the autonomy of the social partners, against governments and the EU Commission
- Exchange information via Eucob@n and CBSPC
- Also regional CB coordination (in networks), especially in Central Europe. Unions look to neighbouring countries.



The wage coordination rule I

- Adopted by EMF, endorsed by IAE in 2012
- Unique instrument for wage coordination
- Compensation for inflation and productivity, uphold purchasing power and secure share of productivity gains.
- The golden rule, simple and practicable
- Avoid drop in wage share of GDP and converse increase of capital share.
- Rule needs to be relaunched and promoted



The wage coordination rule II

- We include wage and non-wage elements to calculate the value of the whole agreement
- We use harmonised data for whole economy (Eurostat indicators on inflation/productivity)
- Example: Wage increase annual 2.0%
- Inflation (harmonised): 1.0%
- Real wage increase: 1.0%
- Labour productivity growth: 0.5%
- End result: 0.5%, rule fulfilled
- (Wage drift).



For unions with only company agreements

- The wage coordination rule still applies
- Can be reported on in two different ways
 - 1) Focus on companies that stand out as representative
 - 2) Collect company agreements and calculate averages



The rule is needed because

- Wage increases are low in most European countries, they barely compensate for inflation
- Achievements in terms of working time, occupational pensions etc. are few and far between
- Need for a coordinated effort, fight back arguments from the employers
- There are huge wage disparities in Europe, also internally in countries
- Little wage harmonisation between East and West, at least after 2008, leads to social dumping.
- Wage shares of GDP have fallen over time.
- The richest 1% are raking in 80% of created values (Oxfam).



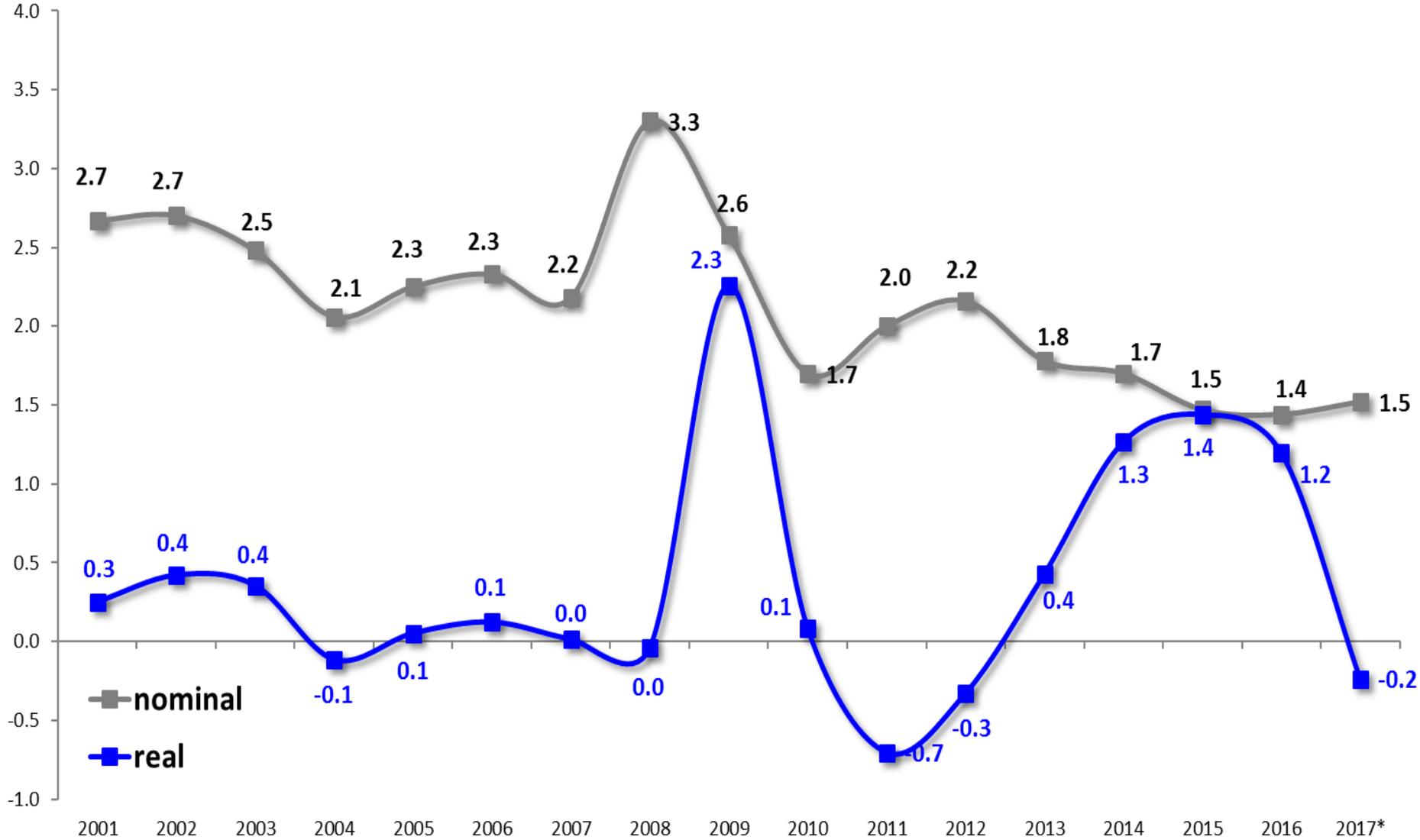
Promotion of the rule

- Broad consensus within industriAll Europe
- The rule has not delivered since the crisis emerged in 2007
- Key element of ongoing EU-funded project 2017-2018
- Need to take stock of the situation, there are different realities
- Asymmetrical and fragile recovery in Europe. Many low-paid jobs.
- A paper has been drafted for the collective bargaining conference
- The rule is not perfect, but it is the best we have got.
- The evaluation must be broader to assess also the East-West gap, but we cannot take a wide range of indicators into account.



Development of negotiated wages in the Euro area, 2001-2017*

Change in % over previous year

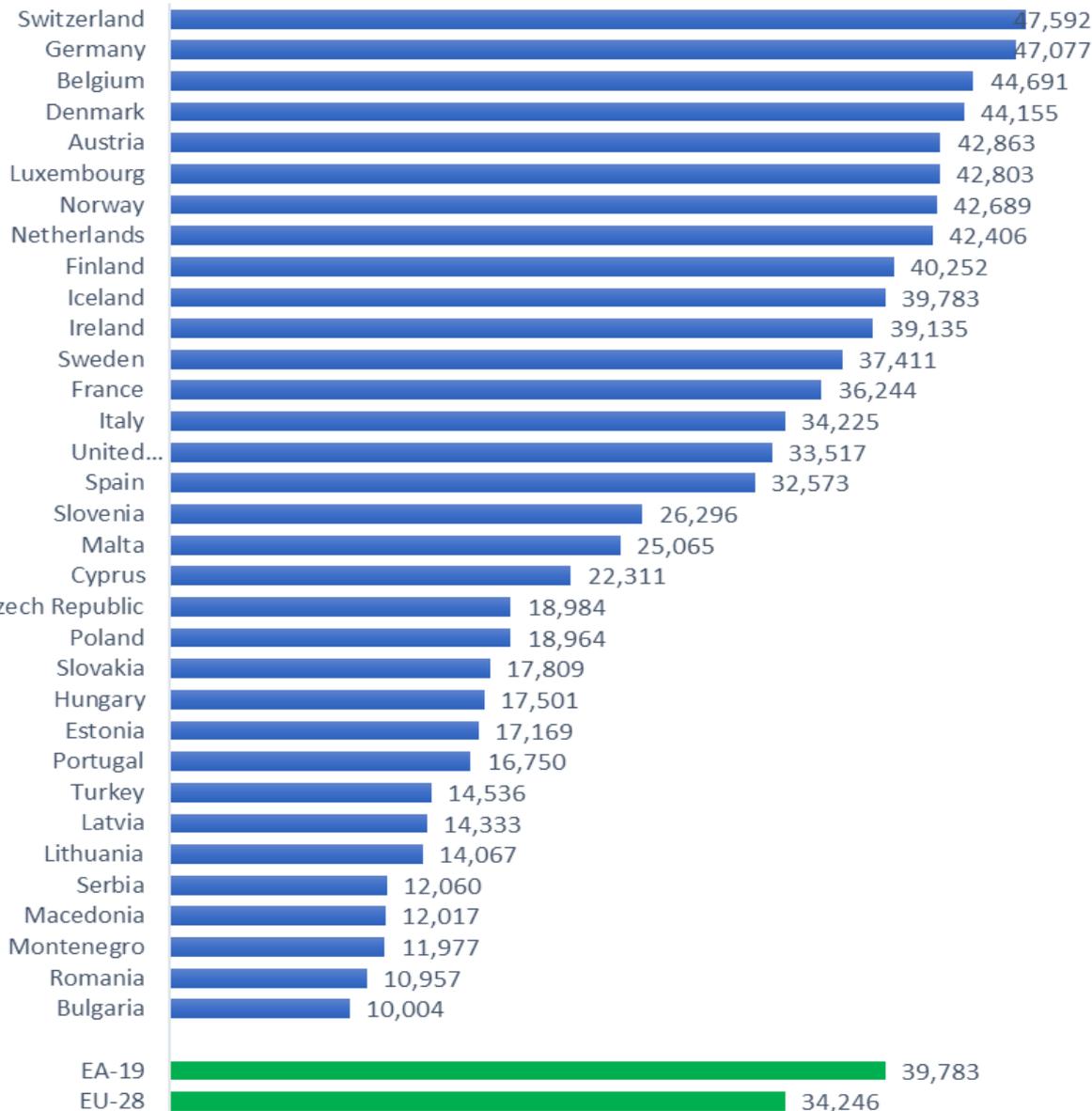


* Real growth deflated by the Harmonised Index of Consumer Prices (HICP); data for 2017 refer to the first quarter.

Sources: European Central Bank (negotiated wages) and Eurostat (HICP), calculations by the authors.

Annual earnings manufacturing 2014

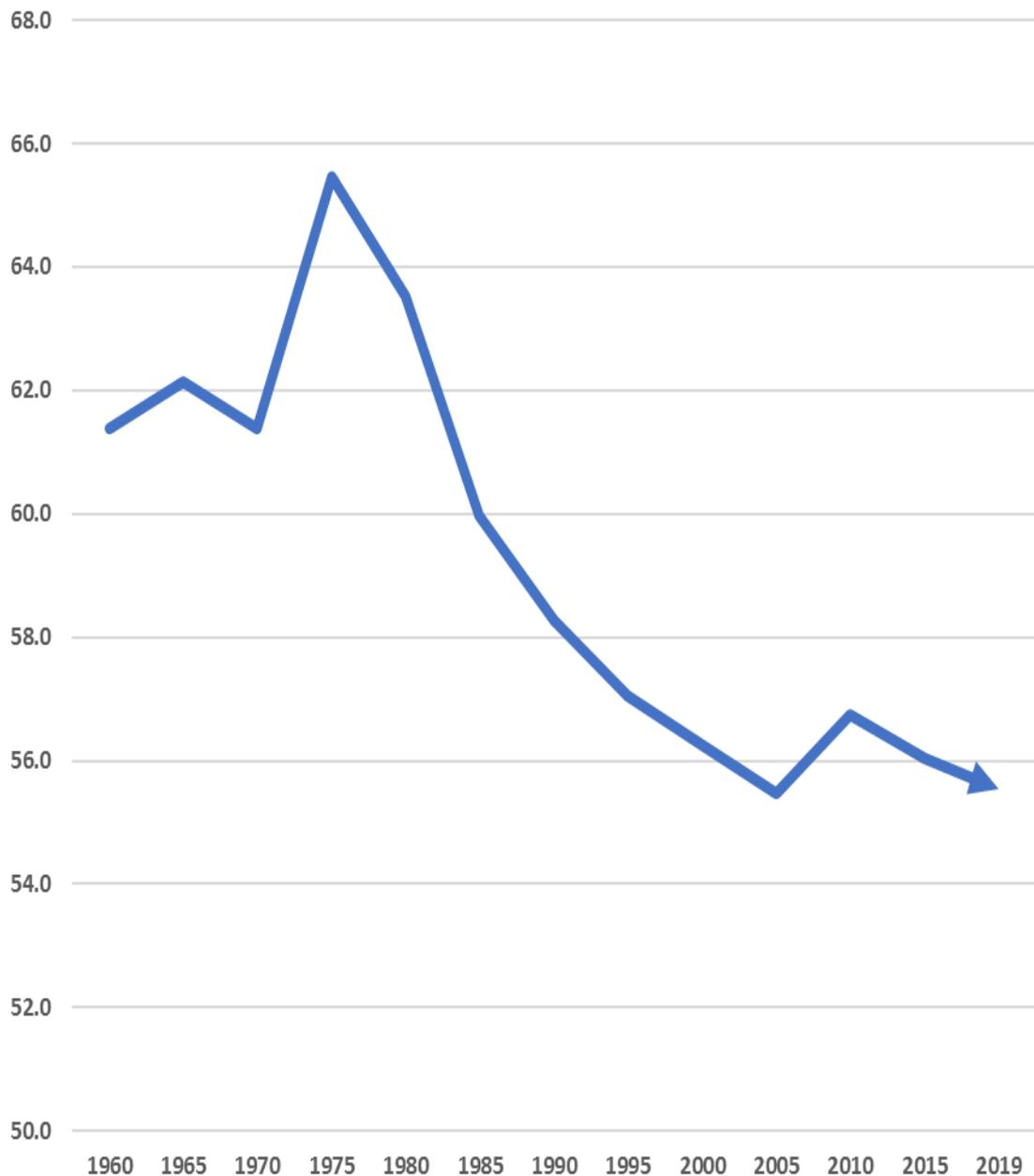
Measured in PPS



Source: Eurostat, structure of earnings survey 2014

- Wages have not been harmonised after the enlargement.
- Even if purchasing power is taken into account, huge disparities.
- East and South-East are far behind, need much more than wage rule.

EU-15, Wage share of GDP 1960-2019



- The wage shares of GDP in EU-15 have been falling since 1975.
- Now below 56%.
- A further fall is expected.

The European Collective Bargaining Network (Eucob@n)



The Eucob@n network

- European information system
- Quick distribution of CB news, bargaining demands, outcomes, strikes etc.
- Updated guideline with simple explanations
- 175 correspondents across Europe and copy list
- Quarterly newsletter introduced in 2016
- Annual survey – report presented to committee
- Questionnaire digital, technical complications



The Concept of a Common Demand



The Concept of a Common Demand I

- Developed by the EMF as part of a European coordination strategy.
- The demands have been launched by large, European CB conferences
- Highlight a major element of collective bargaining which at the same time can be a significant, political goal
- Demonstrate unity on the trade union side, no country would lose competitiveness
- The topic needs to be timely, of great interest to workers and have broad support across Europe
- National responses will need to be adapted to the different realities and systems in each sector and in each country
- Send a common, political message to the employers and governments
- In reality, it is one of a number of national demands (different practices)



The Concept of a Common Demand II

- Promoted via CB, lobbyism and campaigns (manifestations, media etc.)
- “An open method of coordination”.
- Implemented in law, collective agreements and national practices
- Monitored by IAE Secretariat (road maps, surveying and special website)
- Follow-up evaluated and discussed in our collective bargaining committee
- The response from our affiliates has been good, also with media attention
- The degree of success varies. Demands can be repeated.
- The demands do not expire, they remain in place
- Congress 2016: CB coordination includes Common Demands. We will continue to push for our current common demands and work on developing ideas to further that concept in the future.



The First Common Demand on Training Rights



The first common demand on training

- Adopted in 2005 as a demand for an individual right to training
- Backdrop: Rapidly changing production methods and big differences as far as competence is concerned
- Key demand: Minimum 5 days of training per year
- Ideally, each company makes a plan for each worker
- An annual plan should cover timing, subjects and days required
- Training should be cost-free for the worker
- Collective agreements should define frameworks for life-long learning, even for unemployed
- Retraining in cases of restructuring



The first common demand – Feedback from affiliates

- More than half of EMF's member organisations replied
- 90% of them had raised the demand in national CB, for example five days per year for training, annual training plans, life-long learning, training rights for unemployed, trade union involvement, costs to be covered by the employers.
- The success rate was high, however not for the most expensive element, five days off per year.
- Positive achievements also in recent years; IG Metall has CA “Future in qualification” that combines part-time work and training, in Austria a whole week off is given ahead of final exams, sectoral training funds in Belgium and in NL training rights inside companies with career coaches. In Denmark the follow-up of common demands has been exemplary. All elements achieved.



The Second Common Demand against Precarious Work



The second common demand against precarious work

- Precarious means uncertain employment with low pay, poor protection against dismissals, without career opportunities.
- Adopted in 2009 (shortly after the crisis), endorsed by IAE in 2012
- A very timely demand, most new jobs were non-standard
- The employers wanted “flexibility”
- Temporary employment, agency work was exploding, youth vulnerable
- Involuntary part-time, often for women
- Bogus self-employed
- Zero-hour contracts relatively new problem
- Precarious work often linked to migration and social dumping
- Still very relevant, survey out now
- Up-dated paper for Bratislava conference will be developed



Precarious work – possible actions

- Limitations on hired workers in collective agreements (the numbers, the shares or the duration).
- Extend CA to agency workers (NO)
- A good implementation of the agency work directive, DK in CA
- Control with the agencies (get rid of the “cowboys”), NL
- Equal pay for equal work, make hiring more expensive for employers, DE
- Bans in certain sectors (BE).
- Employment contracts to all workers from day 1
- Unionisation of all types of workers
- Etc.



Figure 1: Extent of different types of employment relationship in the EU28 in 2015

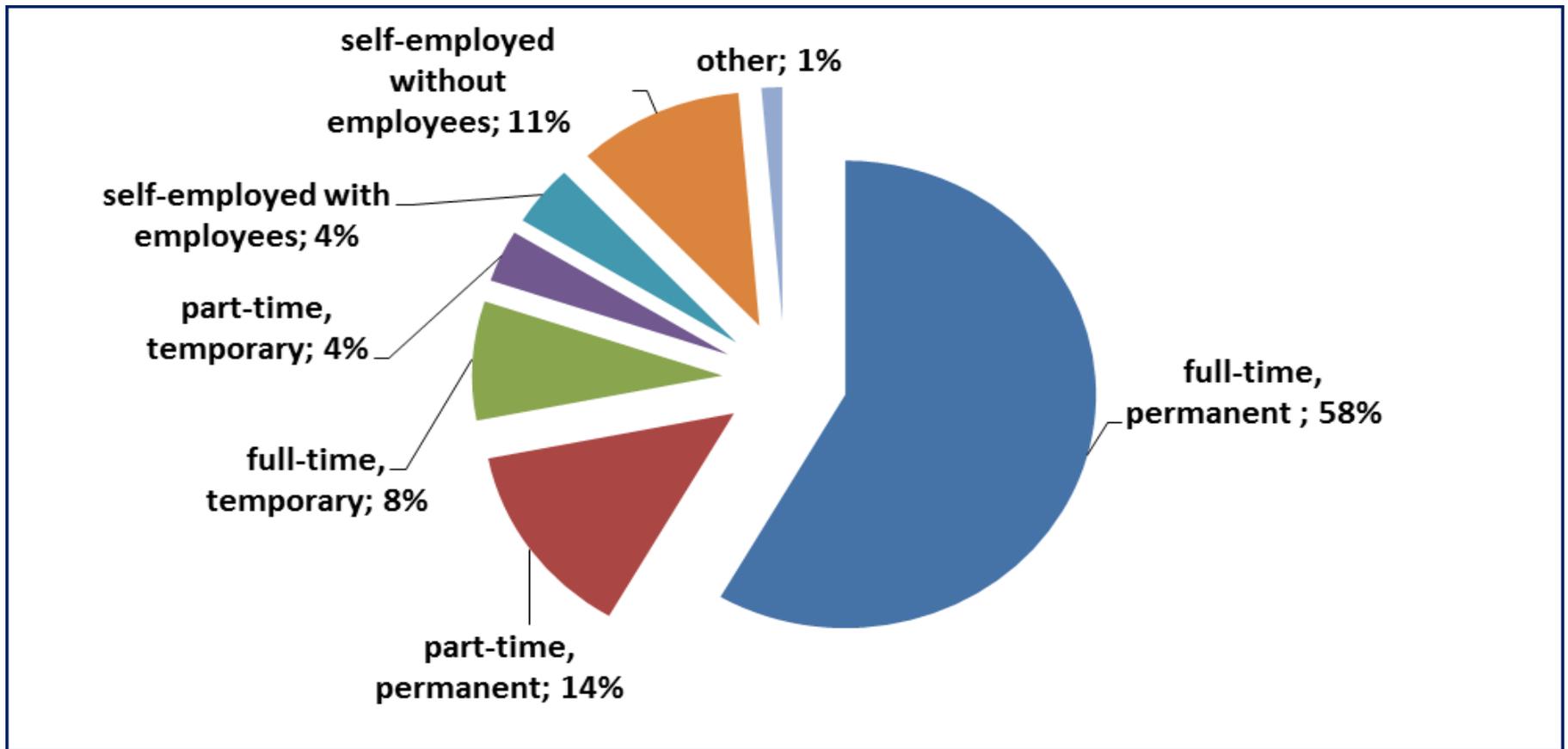
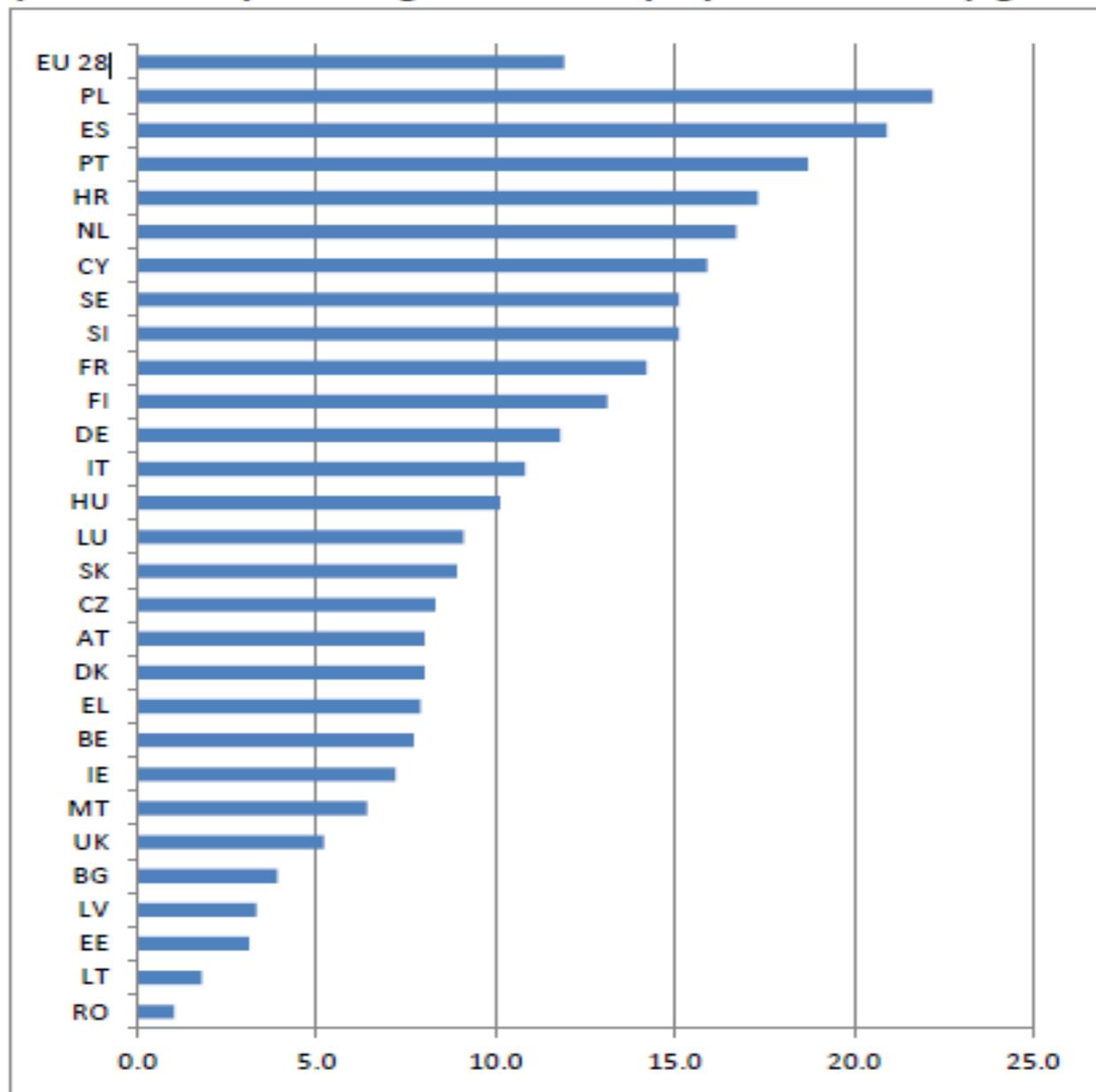


Figure 4: Temporary workers as percentage of total employment in 2015 (age 15-64)



Source: Eurostat

Figure 2: Self-employed as a percentage of total employment in 2015 (age 15-64)

