

# Greens/EFA demands for a European framework on minimum wages

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**We need a European framework directive** setting thresholds for decent adequate minimum wages in the Member States.

The EU already acts indirectly on wages, due to the European Economic Policy and its impact. We are facing a downward pressure on labour markets, wage setting and the economy, creating unfair wage competition. In-work poverty is a big problem in Europe. If we want a social Europe, we need to make sure everyone earns a wage you can live on - a living wage.

In this period of covid-19, the labour market is severely impacted and Europe must show its ambition for social progress by effectively fighting against precariousness and in-work poverty. It is up to us to maintain a political debate, beyond the technical debate.

Decent minimum wages can be a tool that allows Europe to progress and promote prosperity between member states rather than competition and a race to the bottom. It is a tool in the fight against unfair competition and wage dumping.

## Considerations

### Level of adequacy

A minimum wage based on a living wage has to fulfil two conditions:

1. Be poverty proof - so above the 60% median disposable income threshold<sup>1</sup>
2. Provide for enough to live on (for example with a so-called basket of goods or a similar reference budget).

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<sup>1</sup> In the EU we define the At risk of Poverty rate as: „The at-risk-of-poverty rate is the share of people with an equalized disposable income (after social transfer) below the at-risk-of-poverty threshold, which is set at 60 % of the national median equalized disposable income after social transfers.

This indicator does not measure wealth or poverty, but low income in comparison to other residents in that country, which does not necessarily imply a low standard of living.“ [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At-risk-of-poverty\\_rate](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At-risk-of-poverty_rate)

Simply basing the reference for a minimum wage in a given country on 60% of the median wage is not enough, since it is not a guarantee that workers will have a wage you can live on. In countries with high wage inequality and a lot of low wages, 60% of the median wage de facto often is not poverty proof.

We want upwards convergence in Europe based on solidarity, so we call for a poverty proof living wage.

We will not accept a legislative mechanism that could force countries to lower their wages of any kind and thereby force workers to accept lower wages. On the contrary, we consider that existing minimum wages may never be revised downwards and must be considered as guaranteed thresholds. Fiscal and monetary policy must stay out of wage setting as it is currently neoliberal logic that is driving these policies.

We must identify and end provisions, which negatively effects the real value of wage a person receives, such as wrongly directed subsidies or benefits. These measures are counterproductive to distributional justice, decent wages and to „making work pay“.

The minimum wage framework should take into account its economic effects in different Member States. In some cases, a steep increase of wages may cause unemployment in the short-term. A slow phase-in could prevent such undesired short-term effects.

## Scope

Wages should be given in a non-discriminatory way. We shall never accept that a category of workers is excluded or exempted from the minimum wage threshold. We shall never accept reduced introductory wages or claiming that persons with a disability don't earn a wage, but have to work for a replacement income outside the regular labour market. Wages should be based on you as an individual and not on your family situation, gender, age etc. The issue of equal pay for women/men must be specifically taken into account, thus calling for a wage transparency, information campaigns on the rights for equal pay for equal work, and concrete measures to close the gender pay gap. Public work schemes or similar measures are also to respect the minimum wage.

Specific subsidies could be mentioned to promote the employment of certain categories of people whose access to employment is sometimes more complicated or requires adjustments: e.g. on disability, disadvantaged neighbourhoods, refugees etc.

We have to find a way to tackle bogus self-employment and ensure that none has to turn to self-exploitation to survive. We have to tackle in-work poverty and precariousness, fight unfair competition and a race to the bottom on wages. This requires a European definition of a worker to ensure that the legislation is not undermined by further precarisation and flexibilisation of work.

## Labour markets

We aim to strengthen and empower Social Partners across the EU and to build or improve collective bargaining. Thus, a legislative measure may not have a negative impact on member states having or wanting to introduce a system based on collective agreements, and no member state basing their labour market on collective agreements must be forced to shift their wage setting to a legislative, statutory minimum wage, but should make sure the wage levels provided gives access to adequate minimum wages, in line with the directive's criteria. The framework directive needs to make the inclusion of social partners, where they are represented, mandatory.

## Fairness

We need to make feasible requirements and make sure labour markets in the member states are not thrown under the bus. We have to implement this legislative measure in an appropriate pace so the member states are able to adjust.

We will not be satisfied with only having a European framework for minimum wages. We still need a European framework directive on minimum income so everyone, and not just workers, have a right to a decent living and we need EU to produce tools that aim to effectively fight against precariousness.

## Enforcements

We need to level up control and enforcement. We need to make sure EU can act against cartels and unlawful competition when fundamental labour law standards, implementing human rights are violated. Any EU legislation on minimum wages will only be effective if it is functioning and controlled and enforced in the Member States. Qualitative criteria must be set to define minimum wage adequacy precisely enough to allow for hard sanctions and meaningful infringement procedures, should a Member States not comply with the directive.

## Demands

1. **We want a poverty proof living wage.** Greens/EFA demand a European framework directive setting thresholds for decent adequate minimum wages in the member states that ensures all workers a decent living and is poverty proof. This requires a double threshold based on the 60% of median wage and a living wage-mechanism/threshold.
2. **Greens/EFA demands equal pay for equal work.** Minimum wages should cover everyone that works and be given in a non-discriminatory way.

3. **The minimum wage policy should be a tool for gradual improvement**, which can be scalable over time and push wages up in an appropriate pace so that member states and its economies are able to adjust and bear the fruit of rising wages. A gradual phase-in might be required in order to prevent unintended consequences.
4. **Well-functioning wage setting systems** based on collective bargaining should not be forced to introduce statutory minimum wages by law. At the same time they must guarantee that their wage system is inclusive and adequate and the minimum wage level should comply with the standards set by the European Framework - leaving these Member States the choice of instrument to deliver upon this. The European Framework must be an instrument that that improves the situation of precarious workers in the entire Union, whilst respecting the diversity of labour market models and different national wage setting traditions as well as strengthening social partners across Europe.
5. **Greens/EFA demands that the EU economic governance framework should support**, rather than block, the rise of minimum wages. It should never again be abused as an EU fiscal policy tool linked solely to productivity, competitiveness or to reduce social security and social benefits.
6. **Greens/EFA demands that strict control and enforcement mechanisms** are put in place to fight against fundamental breaches of labour law and unfair competition.
7. **Greens/EFA call to better tackle bogus-self employment** and demand a European definition of a worker based on the jurisprudence of the Court of Justice.