

EAPN Input in EC Open Consultation on Legislative Proposal “Adequate Minimum Wages”

Adequate minimum wages are of great importance in improving the living and working conditions of people in the EU and in contributing to minimum labour standards below which no employment relationship should be considered socially acceptable. Minimum wages are important tools to guarantee and realise social and labour rights. They also help to reduce the gender pay and pension gap. Decent minimum wages are crucial to tackle in-work poverty and precarious employment conditions, fight unfair competition and prevent a race-to-the-bottom wage-setting, in particular in low-wage economic sectors and for vulnerable groups of workers. They also are essential to increase or stabilise the “bottom line wages” in an economy. Raising the lower-wage segment by moving towards poverty-proofed minimum wages also broadens the tax basis for governments and helps the financing of adequate social protection systems. Against the backdrop of the economic and social impacts of the COVID-19 pandemic, adequate (minimum) wages, quality jobs and fair employment conditions for all are needed more than ever to support an inclusive and just recovery and upward convergence within countries and across the EU.

EAPN wishes to see these points reflected in a Directive on Adequate Minimum Wages:

- Adequate minimum wages should be considered a basic social right for everybody.
- Adequate minimum wages should exist and be enforced in all sectors of the economy. No exclusion criteria and sub-minima rates (e.g. for long-term unemployed or workers with disabilities) should be applied.
- Adequate minimum wages should be set in a non-discriminatory way and be applied regardless of contract type, residency status, age, (dis)ability or ethnicity / nationality to ensure equal pay for equal work. No variations or deductions on any grounds should be applied. Existing lower minimum rates for young workers should be phased out and ultimately abolished (based on a binding time plan).
- Adequate minimum wages should guarantee a decent standard of living and ensure people’s full participation in society in line with an active inclusion approach. They should be living wages, while also ensuring the health and well-being of workers as well as employment and job quality.
- Minimum wages should be poverty-proof. The adequacy of minimum wages should be set at a minimum of 60% of the national median wage and 50% of the national average wage. This benchmark needs to be regularly and checked for its adequacy and updated: The directive needs to include the requirement for each EU MS to have transparent national mechanisms and frameworks to guide adjustments of (statutory or collectively bargained and agreed) minimum wages, based on clear and stable criteria. Minimum wages also need to be fair in relation to overall wages in the national labour market.
- Whether minimum wage levels in Member States can indeed be considered adequate should be regularly monitored and assessed in existing EU policy monitoring processes, including in the European Semester.
- The existence of and compliance with transparent and participatory procedures (involving the social partners) to set minimum wages is essential. The same holds true for the procedures to regularly update the nominal value of minimum wages. If such updates are not made, low-wage earners will suffer first and foremost.



- There needs to be a positive hierarchy between adequate minimum income (and other social benefits) and adequate minimum wages to preserve incentives to work for those who can, while guaranteeing a decent standard of living free of poverty for all.
- Collective bargaining in Member States and across different sectors, including in social services, should be strengthened. Social dialogue structures and collective bargaining processes in social services and other low-wage economic sectors are often either weak or lacking or they stay ineffective in many EU Member States, especially in Central and Eastern European countries.

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For information: Contributions by other organisations

- Clean Clothes Campaign (CCC): <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12721-Adequate-minimum-wages-in-the-EU/F1367541>
- ERGO: <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12721-Adequate-minimum-wages-in-the-EU/F1307865>
- SGI Europe: <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12721-Adequate-minimum-wages-in-the-EU/F1346511>
- Social Platform: <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12721-Adequate-minimum-wages-in-the-EU/F1308134>