Wages: A working conditions and industrial relations perspective

Background paper

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Outline

This paper looks at wages from two different angles: from the perspective of individual employees, discussed in conjunction with their working conditions, and from the perspective of the industrial relations system.

Wage bargaining in EU Member States

After a brief overview of EU-level policy developments with a potential impact on national level pay determination, this report gives a comparative overview of the levels of collective wage setting and how they are set throughout Europe and goes on to report on reforms, changes or debates linked to these processes between the different actors at both the Member State and the European level in 2011 and 2012. This includes, for instance, debates on potential changes of indexation mechanisms in Belgium, Luxembourg and Cyprus, as a result of the Commission's recommendations within the Euro Plus Pact. While in some countries (Estonia, Bulgaria) social partners resumed collective bargaining (either on wages or on minimum wages) and came to agreements, in other countries (Lithuania, Romania), no agreements could be reached. Some changes in the way collective bargaining is organised were recently introduced in Spain, Romania, Greece, Ireland and Portugal. Information on these issues stems from the European Industrial Relations Observatory (EIRO) – see also **Eurofound 2011**.

Outcomes of wage bargaining

According to Eurofound's annual analysis of trends in collectively agreed pay (**Eurofound 2012a**), average collectively agreed nominal pay increases in 2011 did not differ greatly from 2010 in most of the 13 countries with available data. Most variations ranged between 0.1 and 0.4 percentage points, except for Belgium with the highest growth in nominal pay increases, and Portugal and Malta where the biggest reductions occurred. In most Member States, the nominal increases agreed for 2011 did not compensate for the rise in prices. The effects of the recession on wage setting are still being felt throughout the European Union and all the evidence points to the continuation of very modest pay increases, freezes and cuts. The civil service sector stands out particularly as one in which a significant number of countries registered pay freezes or cuts.

Wages and working conditions

Do aggregate wage statistics cover the full picture or do disaggregated approaches which look into the development of employment and wages of distinct groups of employees (especially the most vulnerable ones) give a more accurate picture of the situation? Is there evidence across Europe that working conditions have been 'traded in' in order to retain wage levels? And how did social dialogue contribute? These questions are addressed based on the findings of a recent Eurofound report on the development of wages and working conditions in the crisis (**Eurofound 2012b**). The study found that wage cuts did not seem to be the first strategy applied in a crisis period. Lower-ranked jobs, especially temporary ones had been cut or their working hours were reduced. Higher-ranked jobs more often had a 'wage cushion' of variable pay or other rewards that had been amended in order to cut costs. The study further found that concession bargaining on wages at company level was mostly applied only when jobs were directly in danger. The question of trade-offs had been tackled only in higher-level tripartite consultations where wage cuts or freezes were 'traded' in exchange for state investment, income-related measures or new employment policies

Minimum wage setting and working poor

Furthermore, this paper also summarises the current changes and debates among the social partners and governments in relation to the setting and the level of minimum wages across Europe. It then looks into the area of 'working poor', that is people who are in employment but still at risk of poverty. To what extent do governments and social partners put forth policy responses to address the issue of in-work-poverty? And to what extent did the crisis have an impact? In order to answer these questions, the paper draws on Eurofound research on the situation of the 'Working poor' (**Eurofound 2010**).

Finally the paper presents a collection of recent 'information updates' from the European Industrial Relations Observatory (EIRO) on various issues in relation to pay from Member States.

Introduction

Before turning to the main sections of this report, it is useful to recall the different roles and functions played by wages – and wage-setting machinery, not least because the positions defended by different actors in the debate on wage-setting reflect the different priorities attached to these functions by trade unions, employer organisations and governments respectively.

Economists sometimes refer to wages as 'the price of labour', and this calls attention to the function of wages in allocating resources (labour) and raises the issue of wages being set at a level which 'clears the market'. While the function of wages – and more broadly the wages system (including elements such as bonuses and supplements for particular skills and qualifications, or for accepting additional responsibility, regional supplements to compensate for differentials in the cost of living etc.) – in providing incentives to workers to work in one sector/occupation/region rather than another is broadly accepted by the parties, the notion of setting wages to clear the labour market is more controversial, implying as it does that nominal wages should fall when unemployment is high.

From the perspective of employers, the price paid for labour is a cost of production. How important an element of total costs varies greatly depending on the nature of the activity concerned, and how capital intensive it is. It is also important to note that there can be important differences between the wage received by the worker, and the cost to the employer as a result of non-wage labour costs – most importantly taxes and levies for social security. The level and structure of these payments varies across countries, and often within countries according to income and sometimes in relation to specific categories of the population, particularly if there is an interest in incentivising employers to engage them.

A further, and related, function of wages is in providing a return on investment in human capital. The acquisition of skills and qualifications involves a cost – directly through the payment of fees and charges for education and training, and indirectly in the form of foregone wages (at least to the extent that education or training are alternatives to paid employment). This cost can be seen as an investment, but one which is only worth making (in monetary terms) if it results in higher earnings.

Employers will also sometimes prefer to pay higher wages: to discourage shirking, encourage worker loyalty or improve the pool of applicants to name just a few motives. These 'efficiency wages' may result in labour markets not clearing fully.

In contrast to the notion of wages as the price for labour, the International Labour Organization's constitution has annexed the 1944 Declaration of Philadelphia, which reaffirms as a fundamental principle that 'labour is not a commodity'. There is an implicit concern with equality and fairness, and the role of wages in securing these ends, and the declaration refers explicitly to 'policies in regard to wages and earnings, hours and other conditions of work calculated to ensure a just share of the fruits of progress to all, and a minimum living wage to all employed and in need of such protection'.

While there may be differing assessments of what constitutes a living, a subsistence or a family wage, there is shared concern where the income from work is insufficient to prevent poverty. Of course, the difficulty of addressing this for people with varying circumstances and obligations means that the debate on minimum wages is only one strand to the discussion, albeit an important one. But much depends on the availability (and conditionality) of income support through the social security system and wider welfare state. And where some have focused on setting minimum wages at a level high enough to prevent poverty, another strand of the debate, 'making work pay' also focuses on supplementing the income of the low-paid through transfer payments. Although this may be effective in alleviating poverty and providing incentives to engage in paid work, it is also criticised for in effect subsidising low pay.

When 'fairness' is evoked in relation to wages, it is often in the context of a comparison between workers and their wages. But another perspective is that of an employer who is competing with others who pay lower wages. This is often seen as 'unfair' competition, and the interest of employers in ensuring that the competition between them takes place on a level playing field explains why they may support collective bargaining systems which encompass a field of competition (such as a sector), and also arrangements to ensure that the 'rules of the game' apply equally to the unorganised through 'erga-omnes' arrangements. There are clear social elements to the level playing field arguments, but there are economic arguments too. When competition is on the basis of which organisation can operate most efficiently and make best use of the resources at its disposal, rather than on the basis of which organisation is best at maximising the workload of its labour force, the economic system is more likely to promote productivity gains, with long-term benefits.

At the macro-economy level, wages clearly play an important role as the main part of income which sustains consumption and aggregate demand. It is important to note that to have a negative effect on consumption, it is not necessary to cut (real) wages, it may be sufficient to put into question whether they will be maintained. Once wage-earners feel uncertain about their future income prospects, they are more inclined to scale back consumption and increase their savings – for a rainy day – with the aggregate effect of cutting demand. Moves to cut wages obviously also have consequences for the public purse, given the centrality of taxes on income to public budgets.

Why then, would it be argued that cutting wages may be good – even necessary – for the economy? The argument runs that wages must be restricted, or even cut, in order to maintain or restore competitive advantage. The reduction of costs in the sectors of the economy which are exposed to international competition should help gain market shares and boost output. Lower wages may also be a factor in attracting inward investment (though this is likely to depend very much on the nature of the business, and the importance of wages in overall costs as well as on a host of other factors, such as access to markets, availability of skills, quality of infrastructure etc). Whatever the advantage which may be gained by one economy through wage restraint (or for that matter, through any policy to secure competitive advantage with respect to neighbouring economies) it is clear that in an integrated economy such as the EU, there is a risk of a zero-sum game, whereby the advantage secured by one country comes at the expense of another.

Most of the debate on reform of wage-setting machinery focuses on the expected benefits of changes to make wages more flexible downwards, and better adapted to local (i.e. sub-sectoral) conditions. It is, nevertheless, important to take account of how such changes may impact on other functions of the wage system, intended to foster security for the mass of wage-earners, combat poverty, etc. Particular caution may be warranted given that recent years have seen both a decline in the wage share of income, and increased inequality within the wage share (though to very different degrees in different countries). There appears to be an implicit assumption of antagonism between capital and labour, in which wages could be considered a parasite on profits. Another analogy with the natural world – that of symbiosis – may give a more rounded view, in which the interdependence of labour and capital is recognised.

Policy developments at EU level

Against the background of the economic crisis, the level of agreed pay increases has been a source of major concern across Europe. The recent social and economic turbulence has put the debate about wage levels and wage setting mechanisms back on the agenda in the European Union. In the Euro Plus Pact (**EUCO 10/1/11**) governments of the eurozone countries (joined by other Member States) agreed in 2011 that, in order to foster competitiveness, they had to introduce reforms to ensure that the increase in costs were in line with increases in productivity. In order to assess this, national and sectoral unit labour costs are being monitored in the context of preventing and correcting macroeconomic imbalances. While countries will be responsible for specific policy actions to foster competitiveness, the following reforms in the area of wage setting are given particular attention:

- The review of wage-setting arrangements, and, where necessary, the degree of centralisation in the bargaining process, and the indexation mechanisms, while maintaining the autonomy of the social partners in the collective bargaining process;
- Ensuring that wage settlements in the public sector support the competitiveness efforts in the private sector (bearing in mind the important signalling effect of public sector wages).

In the recent Employment package,[1] the Commission's reform proposals to make labour markets more dynamic include the following policies for job creation in relation to wages:

- A reduction of the tax wedge on labour in a budgetary neutral way by shifting towards environmental, consumption or property taxes with proper monitoring of redistributive effects.
- A boosting of 'take home' pay by designing in-work benefits so that low-wage traps are avoided.
- The modernisation of wage-setting systems to align wages with productivity developments and to foster job creation.
- Wage-setting mechanisms ensuring that real wage growth reflects productivity developments and local labour market conditions are a precondition to ensure that output growth adequately translates into growing labour demand and ultimately job creation. In accordance with national practices of collective bargaining, wage developments should take account of the competitive position of the Member States. Although wage moderation or adjustment might be necessary for some sectors or Member States, targeted increases, which help sustain aggregate demand, might be feasible where wages have lagged significantly behind productivity developments.

When reforming labour markets their inclusiveness should be ensured:

- Through decent and sustainable wages and by avoiding low-wage traps. This includes the setting of minimum wages at 'appropriate levels' so that in-work poverty can be prevented. Wage floors need to be sufficiently adjustable, with the involvement of the social partners to reflect overall economic developments. Differentiated minimum wages, as already applied in several Member States, can in that context be an effective means of upholding labour demand. The Commission acknowledges in this context that the impact of the minimum wage on both demand and supply can differ markedly across Member States, depending on the level set, as well as other labour market policies and institutions.

To strengthen the involvement of EU and national social partners in employment policy making, the Commission has also put forward plans for EU-level exchanges of views and monitoring on wage developments, 'setting up, in full respect of the autonomy of social partners conferred by Art. 152 of the Treaty, an EU tripartite format for monitoring and exchange views on wage developments in relation to productivity, inflation and internal demand, unemployment'.

[1] COM(2012) 173 final: Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions 'Towards A Job-Rich Recovery'.

It further states that 'while the autonomy of social dialogue is beyond question and national practices are being respected (according to Articles 152 and 153§5 of the Treaty on the Functioning of Europe – TFEU), in order for European economic governance to be effective and inclusive, involvement of social partners in elaboration and implementation of economic and employment policies needs to be commensurate with the developments in surveillance and coordination mechanisms.'

Wage bargaining in the EU Member States

According to Articles 152 and 153§5 TFEU the area of pay is excluded from the fields in which the Union supports and complements Member State activities. Wages are set or negotiated according to national practices. This chapter intends to summarise issues around wage bargaining at Member State level. The first section gives an overview of the levels and where and how wages are set. This refers mainly to the year 2011, with some updates from 2012. The second section goes on to report about recent reforms or debates thereon within the Member States, while the third section recalls the most recent (i.e. 2011) available Europe-wide figures on the outcome of collective wage bargaining.

Overview of levels where wages are set

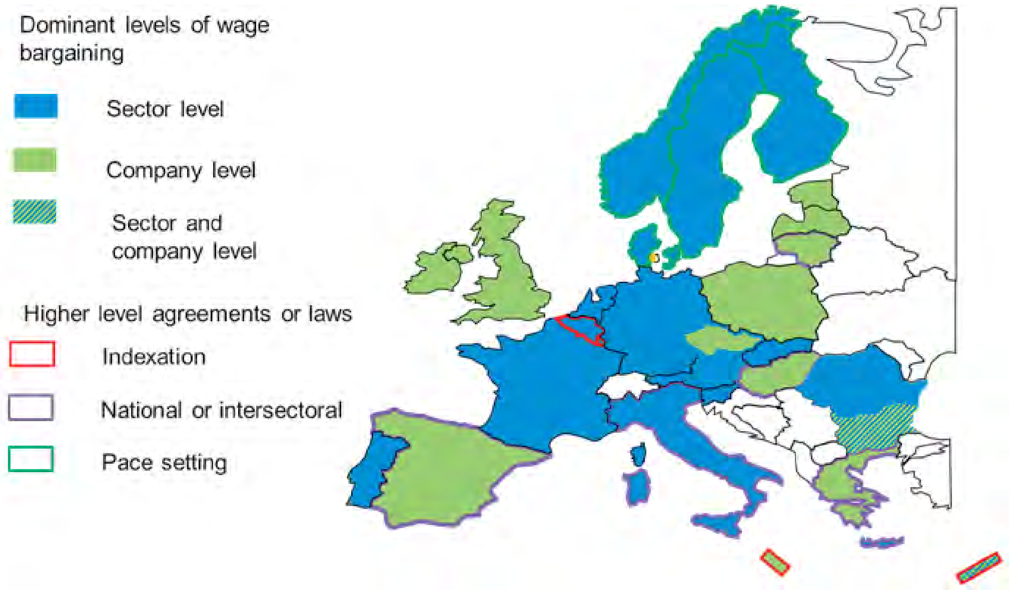
A certain variety of wage setting mechanisms is in place across Europe. The map below intends to give an overview of the dominant levels of wage bargaining together with some information as to how these may be linked to higher level agreements. More detailed information can be found in Table 3 in the annex. Despite the fact that no single system is identical to others, the map displays some regional clusters of wage setting mechanisms: Trend-setting agreements are rather a Nordic phenomenon, with certain sectors taking the lead in the annual bargaining rounds[2] while other sectors follow the agreements made there. Higher level laws or agreements at national or inter-sectoral level as a starting point for sector level negotiations can mainly be found in some of the southern European and some of the new Member States – although they have become less widespread during the past years.

Company-level bargaining as the dominant bargaining level are a feature of the Anglo-Saxon and the more northern European new Member States. Sector level bargaining, finally, with no centralised coordination is by and large a feature of the central and western European countries[3]. Finally, four Member States (Belgium, Luxembourg, Cyprus and Malta) have indexation mechanisms in place. The map below does not intend to provide a complete picture of wage setting mechanisms: countries additionally differ in their degree of company-level bargaining and the linkage to the higher level agreements, to what extent agreements are being extended to non-covered companies or employees, etc. The map in Figure 1 should be read in conjunction with Table 3 in the annex and with the information below.

[2] Although this mechanism is currently under review or has been debated in some of the countries, notably in Finland and Sweden – see below.

[3] Although there is debate whether and to what extent certain sectors do act as pacemakers for agreements in other sectors, for example in Austria and Germany (the metal sector) or Portugal (formerly the public sector).

Figure 1: *Map of wage setting across Europe – 2011, 2012*



In most of the countries, company-level bargaining also takes place (to a varying extent within different sectors and with different links between the levels. For example, sometimes companies may only top up pay increases set at national or sectoral level, sometimes they are allowed to derogate from higher level agreements). This has not been included in this table (see also: Eurofound, 2008).

Reforms, changes and debates on wage setting in 2011 and 2012

In all countries that have indexation mechanisms in place (Belgium, Cyprus, Luxembourg, Malta) these were debated during the course of 2011 and 2012. While temporary restrictions were placed on their application in Luxembourg and Cyprus, no major reform has been recorded to date in any of these Member States. Recent tendencies towards more de-centralised wage setting were noted in Greece, Spain and Romania, with a greater priority attached to company-level wage determination in the first two and to sector-level agreements in the latter. In Finland, on the other hand, collective bargaining has been partly re-centralised, while leaving room for further local negotiations and in Sweden, social partners also went back to the common practice of pattern bargaining after an exception in 2010. Changes in the ways in which social partners are involved in the setting of the minimum pay were made in Hungary and Romania. In Romania, additionally, collective agreements at sectoral level will be applicable only to the signatory parties, i.e. to companies which are members of a signing employer organisation. No new inter-professional or cross-sectoral national level agreements were made in Ireland and Lithuania, while in Estonia, following the simplification of collective bargaining rules, collective bargaining has been taken up again after a standstill during the crisis.

Debates related to potential reforms of indexation mechanisms

In **Belgium**, the system of wage indexation has been debated, partly as a consequence of the new rules on EU economic governance. However, no revisions were made to the system in 2011. The interprofessional agreement (IPA) for 2011–2012 only allows the regular indexation of salaries and wages in 2011, without any further raise, and a maximum increase of 0.3 above indexation in 2012. The sector bargaining rounds for 2013–2014 will be starting in the coming period. It is however unclear to what extent these rounds will be related to wages and also if they will be preceded by an intersectoral agreement for the private sector as has been the case traditionally. As part of the budget plans for 2013 and as part of a new austerity plan the federal government decided already that no pay rises will be allowed in 2013–2014 except for the indexation of wages that are in place at sector/company level and a specific, targeted increase for low wages. The government decided also to revise the calculation of the consumer price index – the so-called health index – used in these pay indexation systems. On both topics, the social partners have been invited to bargain. To date (mid-December 2012) it is still unclear if they will in fact do that (with reservations particularly from the trade union side).

As **Cyprus** continues to deal with the adverse effects of the economic crisis, the level of collectively agreed pay increases remains a source of major concern, while the decentralised process of wage setting and the link between wages and productivity is an ongoing debate. In this context, the recent decision by the Employers and Industrialists Federation (OEB) in February 2012 to recommend that enterprises in the private sector freeze wage increases and pay no cost-of-living increases in 2012 and 2013 caused a major labour dispute between the two sides. The wage indexation system, known as the Cost of Living Allowance (COLA) system, has become a major issue of concern for working people and the government. In the framework of the discussions with Troika, it seems that there are recommendations to change or even abolish the existing system. Employer organisations that strongly oppose the system welcome these recommendations, while they are strongly resisted by the Cypriot trade unions. The government seems to favour a solution between the views supported by the two sides, in an effort not to jeopardise the existing system of industrial relations and to keep a minimum protection level for the employees.

Also in **Luxembourg** a debate on the indexation mechanisms (**LU1102011I**, **LU1103041I**) is continuing. A bipartite agreement between the government and the most representative national trade unions was reached. In this the government agreed, in principle, to the indexation of salaries for 2011, while trade unions agreed to the postponement of the pay rise to the third quarter of the year, so as to soften the impact of a predicted rise in oil prices.

In **Malta**, social partners disagree on the mechanism that determines the COLA. In November 2010 the Malta Employers' Association (MEA) organised a seminar about the concept of the living wage. The idea of a living wage was first proposed by the Labour Party (PL), the party in opposition. The PL clarified that a living wage should be implemented through 'social consensus'. The MEA while acknowledging that a living wage could be of advantage to companies reliant on domestic demand, stated that it will damage the rest of the economy. The association instead called for alternative and more effective solutions to help people overcome poverty and raise their income. The MEA pointed out the disadvantages of three different factors on which the living wage could be calculated namely family, sectoral, or individual-based wages. Among others the family-based living wage may prove to be a disincentive for women to engage in paid employment; if it was sector-based a better alternative would be to update the Wage Regulation Orders (WROs) (The Malta Independent, 19 November 2010). The General Workers' Union urged government to discuss the possible introduction of a living wage (Malta Today 1 January 2011).

Changes in the fields of wage setting

Tendencies towards decentralisation

In **Greece**, changes were made to the way minimum wages are determined – see more in the section below. The enactment of Law 4024/2011 made it possible for Collective Employment Agreements (CEAs) to be drawn up at business level, even in very small enterprises. These agreements take precedence over the sector-level CEAs, even if imposing less favourable terms for employees (**GR1206019I**). This has led to an increase in flexible employment contracts. Companies have been allowed to introduce individual contracts that bypass sector-level agreements, resulting in salary reductions and an increase in undeclared work. In March 2012, social partners jointly opposed any exceptions and derogations from the National General Collective Employment Agreement (EGSSE), which lays out the salary and hours thresholds for the entire private sector in Greece (**GR1202049I**). At the beginning of 2012, the 'Memorandum 2' was decided by the Council of Ministers: It cuts the minimum wages that had been agreed under the National General Collective Agreement and overturns the system and validity of all collective agreements. It also changes arbitration processes and the permanent employment status of public sector employees (**GR1203019I**).

In **Spain**, in 2011, the 'Agreement for Employment and Collective Bargaining 2010-2012' (**ES1002019I**) was still in force. The agreement established common criteria and guidelines for collective bargaining throughout the country and determined a pay increase of 1% for 2010 and between 1% and 2% for 2011. However, it must be noted that 'common criteria' and 'guidelines' are in no way mandatory directives. The government's reform of collective bargaining (**ES1107011I**, **ES1202021I**) envisaged a change in the structure of collective bargaining, giving greater priority to company-level agreements over multi-employer and provincial level agreements in matters such as basic pay and pay supplements, overtime, working time and shift work distribution, occupational categories, type of contracts and work-life balance measures.

In **Romania**, the gross minimum wage (as had been tripartitely agreed for the period 2008–2014) was frozen as a result of the crisis, and the gap between the gross minimum wage in the tripartite agreement and the one decreed by Government decision widened with every year that passed; in 2012, the Government approved only 68% of what had been stipulated in the tripartite agreement. The new legislation has abolished the national unique collective agreement as a reference point for collective bargaining at all levels (**RO1107029I**). Collective agreements which could previously be negotiated for each branch of the national economy (32 branches) have been replaced by sectoral collective agreements. However, the government has yet to decide on how to define the economic sectors. Previous collective agreements governing an economic branch were applicable to all workers, and all businesses in that particular branch, irrespective of whether there were other agreements at company or group level. The new legislation stipulates that collective agreements bargained and entered into at sector level will apply only to companies that are members of employer organisations that are signatories to the agreement. The new legislation also affects the representativeness criteria for social partners. Collective bargaining has effectively come to a standstill, as social partners are having difficulties in getting reorganised at sector level and obtaining representative status. At the beginning of 2012, social partners opted out of the social dialogue, protesting at the new legislation (**RO1202029I**). This eventually led to the cabinet resigning. Some of the social partners have been taking concerted action since early 2012, following their decision to enter into a National Bipartite Agreement in October 2011 that declared their recognition of each other as social dialogue partners. They have since worked together to protest at unilateral government changes to labour law and social dialogue mechanisms and to demand a return to consultation with the social partners (**RO1202039I**).

In **Portugal**, during the past years, the public administration has increasingly assumed the role of a pace setter in wage setting. The recent drastic cuts in remunerations paid in the public administration have not been transferred one-to-one to the private sector, but they have strongly influenced the climate of wage bargaining there.

As a countertrend to the stronger framing of basic pay negotiations, alternative forms of rewarding, decided much more at the decentralised, company level, are getting more popular in **Belgium**. A range of company agreements consisted of implementations of a new national agreement on collective bonus systems (National Collective Agreement No. 90).

Re-centralisation

In **Finland**, after a break of several years, social partners have now reentered into a centralised settlement. The national centralised incomes policy settlement was last applied in Finland in 2005–2007. With an uncertain economic situation in Europe and throughout the world, wide-ranging wage coordination should benefit both employees and companies by offering stability and predictability. The Confederation of Finnish Industries (EK) has however emphasised that the agreement is a framework agreement within which employer associations and trade unions can reach their own agreements on the size of pay increases.

Also **Sweden**, where the long-standing practice of trend-setting bargaining had been discontinued in 2010, returned – after some discussions – to this practice in 2011 (**SE1109019I** and **SE1111019I** and **SE1201019I**).

Although **Belgium** has already a very strong centralised system of vertical coordination especially of basic pay, this system has been strengthened recently as the Belgian government has now already intervened strongly in the bargaining process for the period 2011–2014.

Change in social partner involvement

In Hungary, until 2010 the government agreed with employers and unions on a nominal overall gross wage increase at the National Council for the Reconciliation of Interests (OÉT). In 2011 the government stopped consulting unions and employers on minimum wage, and the National Economic and Social Council (NGTT) is now only making recommendations concerning the wages (**HU1107021I**).

No new cross-sectoral professional collective agreements

In **Ireland**, the system of national social partnership wage agreements collapsed in late 2009 (**IE0912019I**). To date, there is no central agreement on pay in the private sector. The 'Public Service Agreement' was negotiated for the public sector in 2010 between public service unions and government as the employer agreed a pay freeze across the public sector for the four-year lifetime of the agreement to 2014 (**IE1007039I**).

In **Lithuania**, after long discussions social partners failed to agree on the signing of the national agreement.

Bargaining taken up again

In **Estonia**, a new act aims to simplify the termination of collective agreements (**EE1207019I**). Collective bargaining was taken up again, after standstill during the crisis. In 2012, many new agreements were concluded and also negotiations on the minimum wage succeeded, resulting finally in a small increase.

Outcomes of collective wage bargaining 2011

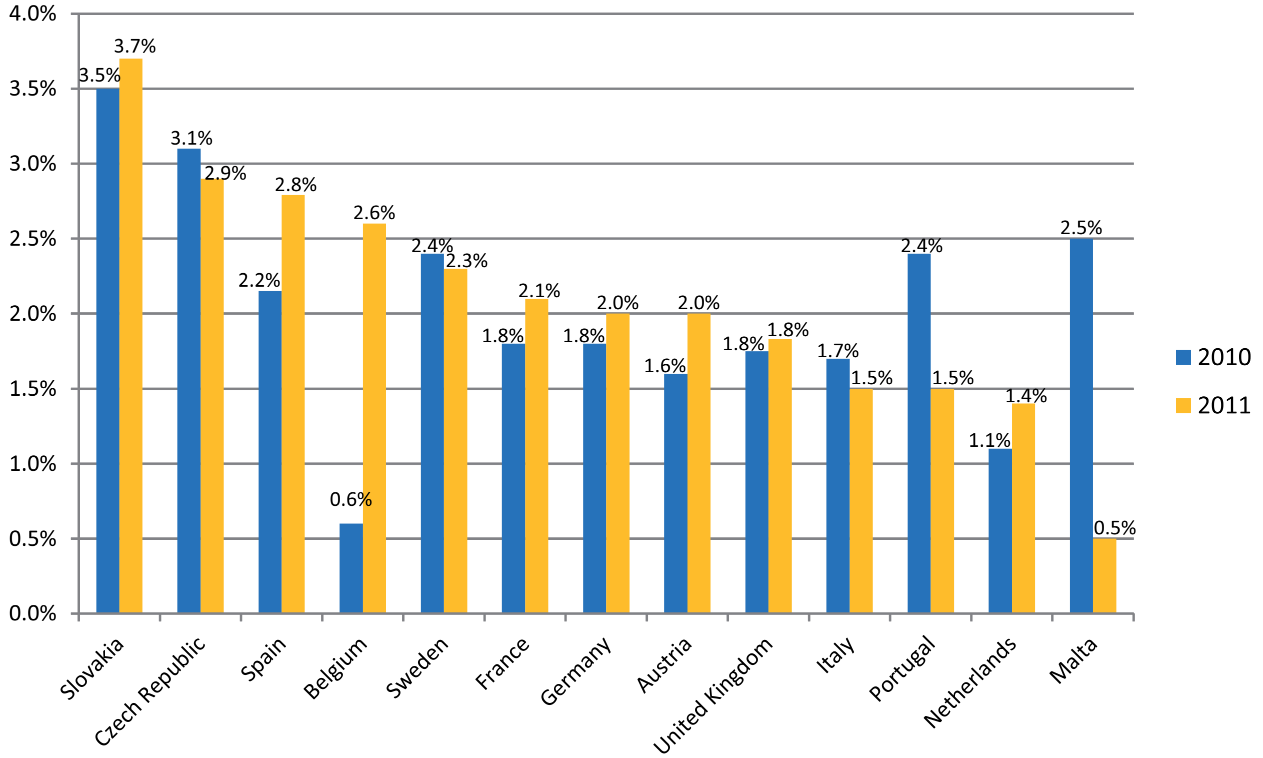
As no European wide database[4] of the outcomes of collective wage bargaining exists to date, the current annual update on pay development by Eurofound gives a broad overview of the outcomes of collective wage bargaining at Member State level.

Only half of the EU Member States have databases recording collective agreements. These databases might be run by official authorities, statistical offices or private providers. The scope of these databases varies: some refer to the full number of collective agreements concluded (for instance in Spain or Sweden), while others list only major agreements (for example in Slovakia and Italy). A note of caution: Owing to the fact that collectively agreed pay setting is of different importance for the various countries, takes place at different levels, and is differently recorded and analysed within these databases, cross country comparisons should be made with utmost caution. More important are comparisons within a country and over time.

The most recent data are from 2011, see more in Eurofound 2012a.

[4] There is, however, a notable initiative lead by TURI (the Trade union research institute), financed by the European Commission: the 'CAWIE project – collectively agreed wage increases in Europe' seeks to come up with a proposal for a harmonisation of CAWIE statistics across Europe.

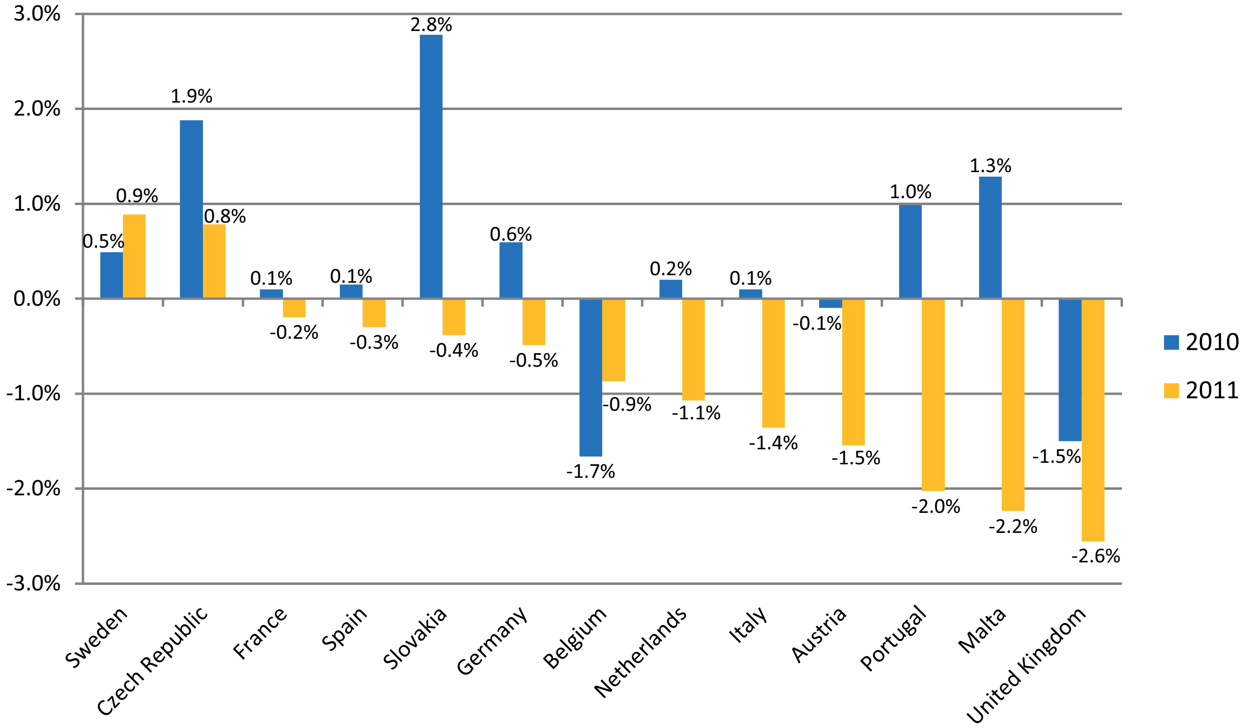
Figure 2: *Average nominal collectively agreed pay increase based on collective agreements databases, 2010 and 2011 (%)*



Source: *National collective agreements databases, as reported by EIRO national correspondents, Eurofound 2012a; * Data from Malta are based on data for production and market services from September 2009 to September 2010, and September 2010 to September 2011.*

The last update showed that while in nominal terms, around half of the countries where average figures are available have recorded higher collectively agreed pay increases in 2011 than in 2010, this did not hold in real terms. As inflation was high, the increases were not enough to maintain purchasing power in most cases. The highest decline in real terms could be seen in the United Kingdom (-2.6%), Malta (-2.2%) and Portugal (-2.0%).

Figure 3: *Average real collectively agreed pay increase based on national collective agreements databases, 2010 and 2011 (%)*



Source: *National collective agreements databases, as reported by EIRO national correspondents, Eurofound 2012a; the inflation rate is based on the average annual change rate of the European Harmonised Index of Consumer Prices (HICP) from Eurostat;*

The last publication also examined pay developments in three different sectors: retail, chemicals and the civil service. In the chemicals sector, the majority of countries where data on collectively agreed pay increases were available registered higher increases in 2011 than in 2010. In retail, the picture is mixed with both increases and decreases recorded in the level of negotiated pay in 2011. The civil service as part of the public sector, however, stands out particularly as one in which a significant number of countries registered pay freezes or cuts. The effects of the recession on wage setting are still being felt throughout the European Union and all the evidence points to the continuation of very modest pay increases, freezes and cuts.

Wages and working conditions

The economic and financial crisis, starting in 2008, has put increased pressure on workers' wages across most European Union countries. In the 2012 report *Wages and working conditions in the crisis*, Eurofound aimed to depict the relationship between the recent evolution of wages and working conditions in Europe with the current economic crisis as background. It describes the main wage trends in the EU countries in the period 2008–2010 and looks at national studies that investigate the relationship between wages and certain aspects of working conditions.

The increased pressure on workers' wages in many EU Member States has been highlighted through negotiations and agreements at national, sector or company level in which wage moderation, pay freezes or pay cuts have been agreed. At European level, these wage developments have also come into the forefront of the discussion on how to tackle the current macro-imbalances while, at the same time, reiterating the commitments made in the Europe 2020 strategy. Making work more attractive or enhancing job quality are among these commitments. This chapter reflects on whether and how these two policy goals have been combined in Member States in the current period of economic crisis.

Both EU statistics from the DG of Economic and Financial Affairs annual macroeconomic database (AMECO) and the national sources reported by correspondents from the European Working Conditions Observatory (EWCO) confirm that the main wage trends in the EU countries for the period 2008–2010 were characterised by deceleration and freezing. Sectoral data show that the crisis – at this stage – had more employment effects than wage impacts, and that these effects (upgrading or downgrading of the workforce into jobs with different pay) partly explain the evolution of average wages.

Wage cuts do did not seem to be the first strategy applied in a crisis period. Lower-ranked jobs, especially temporary ones, can be cut but frequently their working hours are simply reduced. Higher-ranked jobs more often have a 'wage cushion' of variable pay or other rewards that can be amended in order to cut costs.

However, the crisis seems to have different impacts over certain aspects of workers working conditions. Cutting wages could be seen as detrimental to motivation and job engagement in the workplace as the best workers would leave. These arguments are mentioned by employers (e.g. in Malta and Luxembourg) and are confirmed in surveys of workers which indicate that 'rewards' are a key component in job satisfaction. Wages are the basic rewards.

For example, the Kelly Global Workforce Index, a worldwide survey carried between October 2009 and January 2010, revealed that 35% of Norwegian workers believed the financial crisis had made them more loyal to their employers. But in Ireland, economic hardship seemed to have had a completely opposite effect. The Mercer 'What's Working' survey, conducted between the final quarter of 2010 and the second quarter of 2011, attempted to measure the impact of the current crisis on company performance and employee morale. The survey found that far fewer Irish workers today:

- believe they are paid fairly given their performance and contributions to the organisation (53%, down from 62% in 2004);
- understand how their pay is determined (67%, down from 75% in 2004);
- believe the pay in their organisation is as good as, or better than, that of other organisations in their industry (49%, down from 54%).

In fact, 35% of Irish workers reported to be seriously considering leaving their organisation in 2011, up sharply from 22% in 2004.

Also on the employer side, the downsides of pay freezes or cuts have been noticed:

A study by the Luxembourg central bank (**2011 working paper on how firms adjust in a crisis (417Kb PDF)**) shows that companies identified the fear of reducing workers' level of effort and morale (different from the notion of job satisfaction) and the resulting lower quantity and quality of output as major obstacle for wage cuts. Or in Malta, where this coincides with the general feeling of employers who believe that the implementation of wage cuts would damage their company as they would risk losing their most productive workers to their competitors; (see the **Wage dynamics report Malta (723Kb PDF)** commissioned by the Central Bank of Malta).

The situation is very different in Greece, being one of the Member States hit most severely by the economic crisis. A survey of employees by Adecco Greece found that, in the middle of the crisis, the feeling of security and stability constituted the most important parameter desired from work for 32% of the participants while only 4% stated that pay was an important parameter. The overall majority (93%) of the respondents were willing to show flexibility on pay during the crisis provided other factors such as job content, employment relationship and career perspective were satisfactory.

Analysis of the 5th European Working Conditions Survey (EWCS) from 2010 shows that younger, low-skilled and low-paid workers, especially when they have a migrant background, are hit twice by the crisis: they are more likely to report reduced job security and a decline in their pay. Moreover, wage freezing has the greatest presence in those economies where a downgrading of employment is seen (that is, where a relative growth of lower-paid jobs is taking place). The figure below shows the distribution of crisis consequences in the EU27 and Norway on the basis of the 2010 EWCS data when taking into account workers self-declared job security and change in pay between 2009 and 2010.

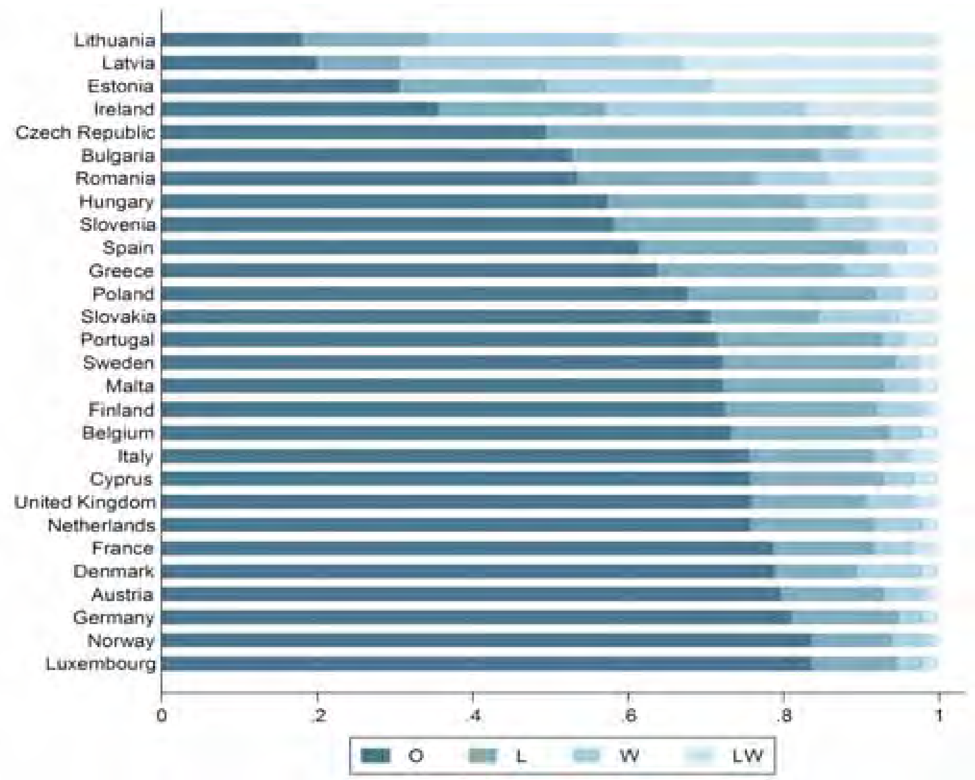
It distinguishes between four types of workers:

1. those with stable or improved job security and stable or improved pay (type O)
2. those with lower job security only (type L)
3. those with reduced pay (type W)
4. those with both, reduced pay and reduced job security (type LW)

In most countries, the most common category is clearly the more positive type (O): so the majority of workers reported both stability or improvement in job security and pay. The ordering by share of this type appears to largely follow the rank of gross domestic product (GDP) per capita (and to a certain extent also its growth/decline during 2009 and 2010) and most countries from the EU15 (with the exception of Ireland, Greece and Spain) have around 90% of their workers reporting no pay reduction.

At the other end of the spectrum are the Baltic States and Ireland with a majority of workers reporting either a reduction in pay (Type W) or both reduced pay and job security (type LW).

Figure 4: *Consequences of the crisis (employees only), 2010*



Note: O = stable or improved job security and stable or improved pay; L = lower job security only; W = reduced pay; LW = reduced pay and job security.
Source: *EWCS 2010.*

A more in-depth regression analysis reveals a striking age effect:[5]

- older workers are more frequently faced with wage cuts (type W);
- younger workers are at risk of job insecurity (type L);
- type LW, i.e. those with both reduced pay and job security are found equally in all three age groups so, other things being equal, each group has a risk equal to the country mean.

Another remarkable finding is the gender effect. It seems that men form the vulnerable group, with a greater chance of being subject to each of the three impact types. Controlling for industry and occupation, however, type W risk becomes insignificant and L and LW risks move closer to one (that is, equality between men and women).

Furthermore, non-natives have a slightly greater chance of being subject to wage cuts (type W) and a much greater chance of facing job insecurity (type L) than natives. These effects stay robust after controlling for industry and occupation. No differences are found for type LW.

The identified examples of trade-offs between wages and working conditions in the context of social dialogue confirm the picture that concession bargaining on wages at company level is mostly applied only when jobs are directly in danger. In these high-risk situations, there also seems to be no further room for a trade-off with other issues such as training (or even consideration of one). It is only at higher-level tripartite consultations that the question of trade-offs is tackled. The study shows that in those situations wage cuts or freezes are 'traded' in exchange for state investment, income-related measures or new employment policies. A particular point of debate was the role and place that the minimum wage has to play in this regard. The question arises as to whether it should be lowered to incentivise the creation of jobs or increased to guarantee a minimum for household incomes.

Nevertheless, the overall picture provided by these policies is proof that the crisis came to a large extent as a surprise; direct action was therefore necessary and there was little adoption of innovative policies. Instead, existing policies were applied and extended, and most of the strategies and measures put in place have a palliative and temporary character.

More recently, wage issues started to become part of the EU debate on the economic governance of the crisis and in this regard, two main ideas emerge from this study.

First, that it is important not to look just at average wage trends (for example, those based on aggregated national accounts) but also to carry out a more detailed investigation as these averages can hide important employment effects. Wages can be cut across the board, but when the economy has lost a considerable number of low-paid jobs, it is still possible to get the impression that the average trend is one of growth.

Second, that the linking together of the various results of this study in a bottom–up approach gave rise to the idea that prolonged and excessive wage freezing could also have a negative effect on job engagement and productivity, which can ultimately lead to macroeconomic imbalances.

[5] These highly significant results do not change when the industry and occupation variables are introduced.

However, given the long-term goals of the Europe 2020 strategy to fight poverty and to get more people into quality jobs, the results from this study also give cause for concern. First, because particular groups in European societies (especially the low-skilled, young and migrants) have been hit hardest by the crisis. Some have lost their jobs, while for others the job has become more precarious (lower income and higher job insecurity). These groups are already vulnerable in the labour market and struggling with social exclusion and poverty (see below, section on working poor). Second, the crisis seems to be questioning the possibilities for lifelong perspectives and career development as well. The rising insecurity in employment and income has led, in a range of countries, to changes in perspective among workers. In some countries (for example, Ireland), emigration is again an issue whereas in others (for example, the Czech Republic), the new attitude of 'hold on to what you have' seems to be undermining any ideas about job mobility. Third, social dialogue does not seem to have been fully successful in delivering solutions and instruments to handle the crisis. Most of the social dialogue, especially at company level, has focused on direct trading of wage concessions in return for saving jobs, which can be seen as the application of a direct and hard form of flexicurity: flexibility on wages or working time (with impact on individuals' disposable income) in order to save jobs. The national findings report very few approaches that included employability issues or job quality questions. Only higher-level concertation seems to tackle these growing imbalances, albeit inconsistently. Finally, according to the evidence collected for this study, direct handling of the crisis seems to have taken up all the energy put into social dialogue in the period between 2008 and 2010. Policy innovations that combine ways to tackle the crisis with long-term strategies of inclusive growth appear, to a large extent, to be lacking.

Minimum wages across Europe

Setting of minimum wages

The following table summarises how minimum wages are set across Europe.

Table 1: *How minimum wages are set*

Country	Minimum wage
Austria	There is no statutory minimum wage provision in Austria. Minimum rates of pay are not fixed by law but are laid down in sectoral/branch-level collective agreements. The wage set for the least skilled group of workers determines the de facto minimum wage for the industry covered by the applicable collective agreement. A monthly minimum wage of €1,000 (gross) is established by collective agreements in virtually all branches of the economy. However, collectively agreed minimum wages vary with the grading system. This means that they are differentiated according to age, job classification, formal qualification and period of employment for all the employees concerned.
Belgium	In Belgium, a minimum wage (gewaarborgd minimum maandinkomen - revenu minimum mensuel garanti) is set by an intersectoral national collective agreement concluded in the National Labour Council (currently national collective agrement 43 of 1988, many times revised). Besides indexation the rise in the minimum wages are decided bi-partite by the Council. As such, one can speak in practice of a statutory minimum wage. The collective agreement is legally binding for all employers (in the private sector).
Bulgaria	In the country there is a statutory minimum wage, which is determined by a decree of the Council of Ministers, after consultations in the National Council for Tripartite Cooperation. Experience from the past 22 years shows that it is usually updated each year – mostly from 1 January, but in periods of high inflation and especially hyperinflation (1997), it changes more often, even every month.
Cyprus	Cyprus does not stipulate a minimum wage at national level that must be observed in collective bargaining at various specific levels – sectoral or company. Nevertheless, based on existing legislation Chapter 183 of the Minimum Wages Law, national minimum wages and salaries apply to nine specific occupations: sales staff, clerical workers, auxiliary healthcare staff, auxiliary staff in nursery schools, in crèches and in schools, security guards, caretakers and cleaners. As regards the amount of minimum pay, the level of minimum wages is set annually by the government in consultation with the social partners, with the minimum fixed at a monthly rate and enforced by a decree of the Council of Ministers.
Czech Republic	Set by government following negotiations by social partners. The basic legal regulations of the minimum wage are set by the Labour Code (Act No. 262/2006 Coll., as amended). The national minimum wage CZK 8000 was set on 1 January 2007 by Government Resolution No. 567/2006. No changes were registered since then. A higher standard of the minimum wage can also be set by company level collective agreements (CLCAs) (in 2012 by 8.5% of CLCAs, within the trade union federation ČMKOS), but not by higher level collective agreements.
Denmark	There is no statutory minimum wage or any other mechanism of setting minimum standards for the terms of employment in Denmark. Instead, a de facto standard of minimum wages is set by collective agreements at industry level.

Country	Minimum wage
Estonia	The national minimum wage was first agreed in 1992 in a tripartite agreement. Since 2002, minimum wages have been set in annual bipartite agreements and have been brought into effect by a government decree.
Finland	No statutory minimum wage.
France	There is a statutory minimum wages (SMIC - Salaire minimum de Croissance) that covers all workers (a cross-sector minimum wage) whatever the form of remuneration (in time, performance, task, piece, commission or gratuity). It is updated every year in January by the government. By law, the increase cannot be lower than the inflation for the current year, but it can be higher. If the inflation rate increases by 1% comparing with the level used for the last calculation, then there should be an automatic adjustment and therefore the minimum wage should be set again. Specific minimum wages are also agreed through collective bargaining. However, some of these sectoral minimum wages are lower than the SMIC. Hence, the legal minimum wage is important.
Germany	No statutory minimum wage.
Greece	The minimum monthly and daily wage has been set at national level by the National General Collective Agreement, which is signed by the most representative third-level trade union (GSEE) and employer organisations (SEV, ESEE, GSEVEE) and has the force of law. Following the enactment of Law 4024/2012, the minimum wage in Greece is fixed by the State. Memorandum III (Law 4093/12): From April, 1 2013, the national minimum wage will be defined by law and through a mechanism to be specified in the first trimester of 2013 by an act of the Council of Ministers.
Hungary	Until 2010 the government agreed with employers and unions on a nominal overall gross wage increase at the National Council for the Reconciliation of Interests (OÉT). This agreement was annually taken to the parliament for decision making. Since 2011 the National Economic and Social Council (NGTT) and the Consultative Forum of the Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma, VFK) can only make recommendations concerning the wages and it is only the Government who decide the minimum wage. In October 2012 there was a consultation on minimum wage 2013 within the VFK, but it is doubtful whether this has an impact on the government's decision.
Ireland	Since 2000 Ireland has had a statutory national minimum wage (NMW). Set by Ministerial Order following agreement of social partners or recommendation from the Labour court. Legal basis: National Minimum Wage Act 2000.
Italy	In Italy, there is no minimum wage legislation. However, through Article 36 of the Constitution, judges can (and usually do), if required, refer to the minimum wage standards agreed in national collective agreements as the minimum wage to be applied.
Latvia	Minimum standards of income from employment are set on the basis of the minimum wage. The minimum wage is set in negotiations at national level, usually in frameworks of National Tripartite Council NTSP. When the social partners have agreed on the level of the minimum wage, it is set by regulation of the Cabinet of Ministers.
Lithuania	According to the Labour Code, the Government of the Republic of Lithuania on the recommendation of the Tripartite Council of the Republic of Lithuania (Lietuvos Respublikos Trišalė taryba, **LRTT**) determines the minimum hourly pay and the minimum monthly wage. On the recommendation of the LRTT, the LRV may establish different rates of hourly minimum pay and the minimum monthly wage for different sectors of the economy, regions or categories of employees. Collective agreements may establish higher rates of the minimum wage.
Luxembourg	In Luxembourg there is a mechanism of wage indexation. Salaries, wages and social contributions (including the social minimum wage) are adjusted in line with the evolution of the cost of living. When the consumer price index increases or decreases by 2.5 % during the previous semester, salaries are normally adjusted by the same proportion. The consumer price index and its impact on the sliding wage scale are published monthly by the national statistics office (Statec).
Malta	Law has established the minimum wage mechanism since 1974 through the National Minimum Wage National Standard Order and various Wage Regulation Orders for specific sectors. The minimum wage is increased by the 'cost of living adjustment' (COLA), which is calculated on the inflation of the previous 12 months, based on the Retail Price Index (RPI). Every year, during the budget speech delivered in Parliament, government announces the COLA, which is then published as a legal notice. The COLA is added to all employees' pay and the minimum wage, and lately has also been awarded to pensioners.
Netherlands	Statutory minimum wage set by government twice a year, according to the 'Wet minimumloon en minimumvakantiebijslag'.
Norway	No statutory minimum wage.
Poland	The national minimum wage in Poland is set annually by the Tripartite Commission for Social and Economic Affairs (Trójstronna Komisja ds. Społeczno Gospodarczych) in accordance with the Minimum Wage Act of 2002. The agreed minimum wage cannot be lower than the already existing one and must be adjusted to the following year's forecast Consumer Price Index. A higher standard of the minimum wage can be set by company-level collective agreements only.
Portugal	The National Minimum Wage (Salário Mínimo Nacional, SMN) was introduced right after the democratic revolution in 1974, resulting in an immediate considerable wage increase for many workers. Later SMN was renamed Guaranteed Monthly Minimum Payment (Remuneração Mínima Mensal Garantida, RMMG). At the moment (2012) the RMMG is €485. It is set by governmental decree. In 2006, a tripartite agreement was signed by all members of the CPCS that established a plan of the increase of the minimum wage. The aim was to reach a RMMG of €500 in 2011, but due to the dramatic crisis the Ministry of Labour decided to make the conclusion of the process depend on an evaluation of the economic situation during the year 2011. In 2012, the new government did not increase the RMMG.

Country	Minimum wage
Romania	The national minimum wage is set by law at national level, after the government had consultations and negotiations with social partners. A tripartite agreement on the minimum wage for 2008-2014 had been made in 2008.
Slovakia	There is a statutory minimum wage codified by law. The level of minimum wage is assessed by social partners and the government annually. Minimum wage is subject of agreement between social partners. If social partners do not come to commonly accepted proposal regarding the minimum wage, its level is proposed by the Ministry of Labour, Social Affairs and Family.
Slovenia	In Slovenia, a mechanism on wage indexation is in place for the minimum wage. The **Minimum Wage Act** adopted in February 2010, replaced the **Minimum Wage Act** from 2006. According to the amended Act, minimum wage is adjusted once a year at least to the inflation rate. According to the Minimum Wage Act, every employee who works fulltime, has a right to at least minimum wage stipulated in this act. The law foresaw the rise of minimum wage by 23%, but with a transition period, when employers were allowed to increase the minimum wages progressively.
Spain	Every year, the Government regulates the Interprofessional Minimum Wage – after consulting the most representative unions and employer organisations – for all workers, taking into consideration the Consumer Price Index, the national productivity average, the increase of labour participation in the national income and the state of the economy. Royal decree nº 1888/2011.
Sweden	No national level statutory minimum wage. Minimum wages are negotiated as part of the collective agreements at sectoral level between the social partners. Thus, minimum wages vary in different sectors.
United Kingdom	A national minimum wage has been in place in the UK since 1997. The rate is set by the Low Pay Commission (LPC), which advises the government on low pay and recommends appropriate rates. There are four tiers of national minimum wage rates: the full adult rate; a 'development' rate for younger adults; a rate for workers aged 16 and 17; and a rate for apprentices.

Source: *EIRO national contributions to the Report: Pay developments 2011*

Changes in minimum wage setting/procedures or related debates

Proposed and actual changes to the mechanism

In **Bulgaria**, trade unions have insisted for a long time that the minimum wage be determined not only by the Council of Ministers after consultation with trade unions and employers but should be negotiated according to a mechanism agreed between social partners. The proposal of the CITUB is a mechanism to form a ‘corridor of agreement’, with the lower limit to be determined by the official poverty line and the higher by the 50% ratio to the average wage. So far, however, this mechanism has been strongly rejected by employers.

In **Hungary**, the government no longer has to consult unions over setting the minimum wage as of 1 January 2012 (**HU1107021I**). In October 2012 there was a consultation on the minimum wage in 2013 within the Consultative Forum of the Industry and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma, VFK), but it is doubtful whether this has an impact on the government’s decision.

In **Poland**, in the years 2003–2009 the minimum wage was agreed by the Tripartite Commission, which raised it every year. In 2010 and 2011 the government took a unilateral decision, without the consent of social partners, with regard to the minimum wage, because social partners set a higher rate than was proposed by the government side. Trade unions have been disappointed by the unilateral decision of the government. In 2010, the trade union NSZZ Solidarność began a debate on amending the Minimum Wage Act of 2002. They aimed to come up with an independent draft legislation, which would set the minimum wage permanently at 50% of the national average. In the spring of 2011, NSZZ Solidarność established the Civic Legislative Initiative Committee for Amending the Minimum Wage Act and transferred the draft legislation to the parliament (the draft had been signed by 350,000 citizens). Since the general elections in autumn the work on that bill has not restarted and it is not known if and when the new parliament will continue working on it (**PL1110019I**).

In **Romania**, the budget constraints generated by the economic and financial crisis made the government withdraw its commitments under the ‘Tripartite agreement on the minimum wage for 2008-2014’. This greatly dissatisfied the nationally representative trade union confederations, their ultimate move being the withdrawal from the Economic and

Social Council (Consiliul Economic şi Social, CES) and from all social dialogue committees. The situation was worsened by the Social Dialogue Act of May 2011, which brought in serious changes on a variety of aspects, including the mechanisms for the bargaining of the minimum wage. While prior to the Social Dialogue Act the national minimum wage used to be negotiated in the CES, the new regulation has transferred this prerogative to the newly established National Tripartite Council for Social Dialogue (Consiliul Naţional Tripartit de Dialog Social, CNTDS). The CNTDS was formed as late as October 2011, convened twice, and then stopped functioning. The Government decreed a national gross minimum wage of RON 700 with effect from 1 January 2012, without the consent of the national trade union confederations, which was looking at a minimum wage of RON 1,030 (approximately EUR 236), in accordance with the tripartite agreement. The Social Dialogue Act changed the terminology from branch bargaining to sector bargaining, with the sectors remaining yet to be determined. This happened in December 2011, which practically brought the negotiations on the minimum wage at sector level to a stalemate. This is the reason why most of the negotiations on the minimum wage in 2011 took place at company level.

In **Greece**, the round of inspection and assessment of the Memorandum's course in Greece in December 2011 by the International Monetary Fund, European Central Bank and European Union representatives impacted the social dialogue between the social partners, leading to a 'partial agreement' on three points (the preservation of the minimum wage at current levels, the non intervention with respect to the 13th and 14th salary, the non-abolition of the grace period of collective agreements (namely their continuing to be effective for a six-month period after they expire) and to a failure to reach an agreement on the freezing of pay in the private sector. However, the recent Act on the 'Approval of the Program of the Memorandum of Understanding between the Hellenic Republic, the European Commission and the Bank of Greece and other urgent provisions on reducing the debt and saving the national economy' changes the existing labor environment by introducing, inter alia, the reduction of the minimum wage and a freeze by the end of the programming period. Today, the social partners continue to disagree on the minimum wage levels set by the state and insist on the three points agreed in December 2011.

Proposed changes in relation to the level and scope

In **Cyprus**, the 2011 increase in minimum wages as provided for by existing legislation was made part of the work of the Labour Advisory Board and has reignited a debate over readjusting minimum wages (**CY1105029I**). The Democratic Labour Federation of Cyprus (DEOK) is of the opinion that the amount of the minimum wage and all salaries should be increased and maintained at 60% of the national median wage and has proposed the following changes as regards the scope of the existing legislation:

- the minimum wage should cover all occupations, in all sectors of the economy where there is no sectoral or enterprise-level labour agreement;
- the decree should include other minimum benefits, such as pay indexation, the right to sickness leave, coverage of medical care and inclusion of workers in welfare funds.

In the government's view, the decree on increasing the minimum wage protects the most vulnerable groups, the majority of whom are young men and women employed in jobs not covered by collective labour agreements.

In **Germany**, there is a long and ongoing debate on the introduction of a statutory national minimum wage (**DE0409205F**; **DE0608059I**; **DE1110019I**). The trade unions affiliated to the DGB currently demand the introduction of a minimum wage of €8.50 per hour, a demand that is rejected by the Confederation of German Employers' Associations (Bundesvereinigung der Deutschen Arbeitgeberverbände, BDA). Polls show a strong support amongst the public for a national minimum wage, however, the current conservative-liberal coalition government has so far decided not to introduce a general national minimum wage. As of 1 January 2012, temporary agency workers in Germany were granted a national minimum wage (**DE1202029I**).

In **Malta**, in general social partners agree on the minimum wage, however they disagree on the mechanism that determines the COLA and as to what would constitute a living wage – see more in the section on indexation above.

In **Spain** the most important discussion in 2011 regarding the national minimum wage revolved around the inclusion of household workers. Previously, Spanish employers were allowed to make deductions of up to 45% from their employees' wages – on account of accommodation or maintenance – even if such deductions resulted in a wage lower than the established Minimum Interprofessional Wage. This situation changed in 2011, when the former Socialist Party Government enacted a new labour relations regulation for household workers, bringing them into line with normal employees in many aspects, including minimum wage rights (**ES1202011I**).

Decision not to increase the minimum wage

The **Czech** government decided to keep the current level of the minimum wage, since a higher minimum wage would result in growing labour costs, which may lead to a deterioration of the position of low-qualified people in the labour market. The fact that the minimum wage has not been increased in the Czech Republic for many years was criticised by trade unions and opposition coalition parties, especially by the Czech Social Democratic Party (Česká strana sociálně demokratická, ČSSD) that disputed the government's line of reasoning.

In **France**, since 2009, a committee of experts issues an annual recommendation concerning the development of the SMIC. In its first report the Commission advised the government not to increase the minimum above the level of compulsory adjustment for 2010. This was to avoid that wages during the crisis placed an additional burden on the financial and economic situation of the companies. This decision was criticised by the unions and the opposition Socialist Party (Parti Socialiste, PS), which feared a threat to social justice, and decreasing purchasing power which would damage the economy. The French Minister of Labour, Xavier Bertrand, also refused to increase the SMIC above the compulsory level for 2011, as he expressed concerns about the competitiveness of the French economy.

In **Latvia**, in compliance with legislation and agreements between social partners, the minimum wage is reviewed once a year in consultations with social partners. On 16 March 2011 the Government adopted the framework on calculation of the minimum wage for the following years (**LV1108019I**). Discussions about the minimum wage for 2012 began on 17 May 2011. In July, when the government began detailed discussions to set the amount for 2012, it presented the social partners with two alternatives: to keep the minimum wage at the current monthly level of LVL200 or to increase it to LVL210. However, on 11 August 2011, the social partners backed the Ministry of Welfare, the Ministry of Finance and the Ministry of Economics in deciding to leave the level at LVL200 per month.

In **Lithuania** the minimum wage was last increased in August 2012; this was the first increase after more than four years (since January 2008). During 2010–2011, trade unions tried various ways to increase the minimum wage, however with no success. Demands to increase the minimum wage were present at both mass protest actions organised by trade unions in November 2010 (**LT1010019I**) and in March 2011 (**LT1104019I**). Social partners also discussed possibilities to increase the minimum wage during discussions to renew the signing of the National Agreement. This agreement, signed between the Lithuanian government and social partners in October 2009, expired at the end of 2010. Despite some shortcomings, all parties supported the idea of signing a new National Agreement. One of the main demands of trade unions were an increase of the minimum wage from LTL800 (€232) to LTL1,000 (€290) and rising to at least LTL1,200 (€348) at a later stage (**LT1011019I**). After long discussions social partners failed to agree on the signing of the agreement and therefore the issue of the minimum wage was further discussed by social partners at the sittings of the National Tripartite Council, other meetings of national trade unions, employer organisations and the Government (**LT1102019I**). As far back as in 2010 trade unions approached Lithuanian Members of the European Parliament, ETUC and EESC to ask for their help.

In **Portugal**, unions demanded compliance with the tripartite social pact (2006) that stipulated the increase of the national minimum wage up to €500 per month in 2011. The government argued in 2011 that the crisis did not allow full compliance. Employers supported the government in this dispute. At the moment (2012) the RMMG is €485. It is set by governmental decree. In 2012, the new government did not increase the RMMG.

In **Slovakia**, social partners discussed the options to increase the minimum wage. Trade unions demanded an increase of the minimum wage in 2011, but representatives of employers refused any increase. Despite a long-lasting debate social partners were not able to agree on the increase of the minimum wage level. According to the law, the government made the decision to increase the minimum wage for 2011.

Minimum wage increased – again

In **Estonia**, after long discussions and three years of standstill in minimum wage negotiations, the social partners reached an agreement in December 2011 to increase the monthly national minimum wage from €278 to €290 from 1 January 2012 (see **EE1107019I**). Before the agreement was reached, the trade unions had made several proposals to increase the minimum wage, however the employers always argued that it was not possible due to difficult economic circumstances.

In **Ireland**, the national minimum wage was cut by €1 per hour, from €8.65 to €7.65 from February 1, 2011 as part the Fianna Fail/Green Government's four year economic recovery plan under the EU-IMF programme of financial support. (**IE1012029I**). At the time, employer organisation, IBEC, said the Government move to reduce the national minimum wage (NMW) was necessary to support economic recovery and create employment. However, there was strong trade union opposition to the minimum wage cut. When a Fine Gael/Labour coalition came to power following the election, they stated they would be reversing the cut in the minimum wage. In April 2011, the new Minister for Finance, Michael Noonan, confirmed that under the revised terms of the financial assistance agreement with the European Union, European Central Bank and the International Monetary Fund, the minimum wage would be restored to its previous level of €8.65 per hour. To offset this, the Government also reduced employer pay-related social insurance (PRSI) on income up to the level of the minimum wage by 50%. Legislation was published in June 2011 reversing the cut in the minimum wage from July 1, 2011 and halving the rate of employer PRSI for workers earning under €356 per week. IBEC strongly criticised the Government for reversing the cut in the national minimum wage. It said that the reversal of the minimum wage reduction 'was at odds with the economic needs of the country and would undermine job creation'. Unions welcomed the reversal of the cut.

Proposed changes to minimum wages for young adults

In **Belgium**, the government programme of the current administration Di Rupo I does not contain any intention to modify the existing system. On 12 January 2009, a legislative proposal was submitted in the federal Senate aimed at abolishing the age-related decrease for persons under 21 (Belgian Senate, doc. 4-1108/1), but the proposal was not approved. It was then reintroduced on 13 October 2010 under the name 'Wetsvoorstel betreffende de leeftijdsgerelateerde degressie van het gewaarborgd gemiddeld minimum maandinkomen'.

In the **Czech Republic**, the existing government resolution No. 567/2006 was amended by a new resolution which has abolished all further (lower) rates of mimimum wage as of 1 January 2013. These lower rates were abolished in case of persons with limited (possibility of) employment (juvenile and disabled workers/employees). Reason for abolition were to find a consistent application of the principle of equality in the labour relations.

In the **United Kingdom** until 1 October 2010, the full adult rate applied from the age of 22, and the development rate applied to workers aged 18–21. From 1 October 2010, the full adult rate applies to workers aged 21 and over, and the development rate applies to workers aged 18–20. The existence of the national minimum wage (NMW) is not challenged by the government, trade unions or the main employer organisations. The debate over 2010–2011 focused mainly on issues such as:

- the appropriate increases (if any) to be applied during the current difficult climate (**UK1104039I**), especially so as not to endanger the jobs of young workers and employees in low-paid sectors; enforcement and compliance (**UK1105019I**);
- and the application of the national minimum wage to 'interns' undergoing work experience (**UK1009019I**).

Countries with discussions on certain aspects of the minimum wage

In the **Netherlands**, there were no (major) debates on the minimum wage. Unions have criticised the restructuring of the Labor Inspectorate which is responsible for compliance with the Act on Minimum Wages. The Ministry of Social Affairs and Employment has announced it will increase the monitoring of sectors in which compliance with the Minimum Wage Act is low.

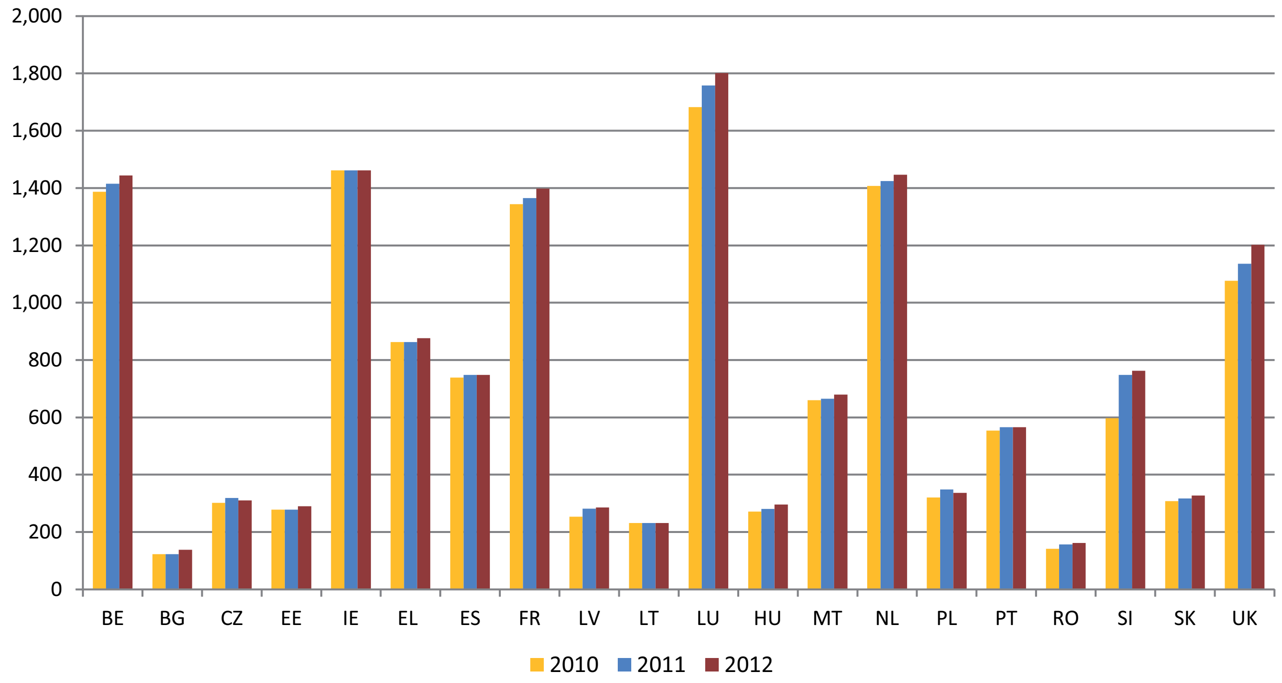
In **Slovenia**, after the amendment to the Minimum Wage Act came into force in 2010, no major developments regarding the calculation/negotiation took place. On the January 1, 2012, the transition period, when employers were allowed to increase the minimum wages progressively, ended.

In the **United Kingdom**, the government's remit for the Low Pay Commission (LPC) for 2011–2012 identified the key issues for debate in drawing up the LPC's 2012 recommendations on the National Minimum Wage (NWM). Notably, the government asks the LPC to consider: 'the best way to give business greater clarity' on future NMW levels, including the option of the LPC making two-year recommendations for increases, rather than annual recommendations, as is currently the case; whether any of the rules on payment of the NMW could be made simpler and easier to administer, for example by removing, simplifying or consolidating elements; and the labour market position of young people (who are currently facing record levels of unemployment), including apprentices and interns.

Developments in the level of minimum wages

The level of minimum wages varies considerable across the Member States. It ranges from €138 in Bulgaria to €1,800 per month in Luxembourg in 2012. With the exception of Slovenia and Malta, all new Member States have a monthly minimum wage of less than €500. Minimum wages above €1,000 per month are in place in Belgium, Ireland, France, Luxembourg, the Netherlands and the United Kingdom. Figure 5 below displays the level of statutory minimum wages in euro for those countries where such a minimum wage is in place. See also Table 4 in the annex.

Figure 5: *Level of minimum wages in euro 2010–2012*



Source: *Eurostat 2012, tps00155. Situation at 1 January each year, converted in euro. Gross minimum wages before tax and social security contribution/deduction.*

The last two years were marked by considerable moderation as regards the development of minimum wages. Expressed in national currencies, almost half of the countries (nine out of 20) had freezes or a decrease in at least one year. In the Czech Republic, Ireland and Lithuania they were frozen both in 2011 and 2012, while in Greece nominal minimum wages were decreased in the second half of 2012. See also Table 5 in the annex.

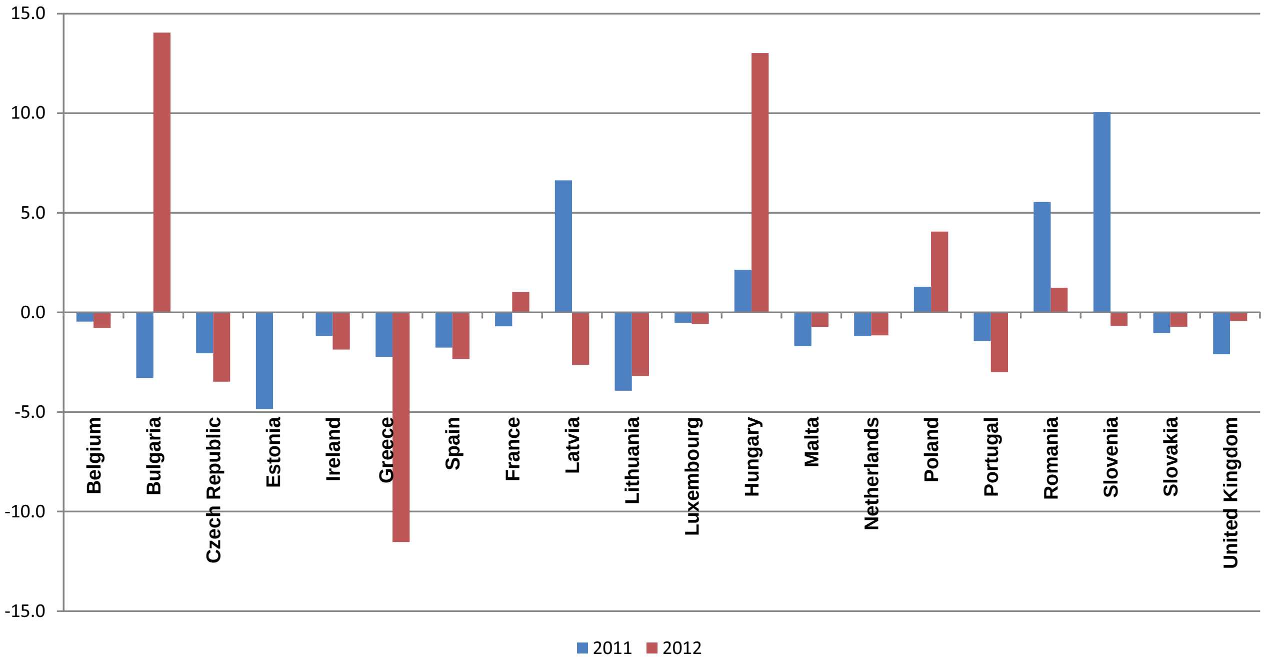
Table 2: *Nominal minimum wage developments in national currency in 2011 and 2012*

		2012		
		Increase in 2012	**Freeze in 2012**	**Decrease in 2012**
2011	**Increase in 2011**	BE, FR, LU, HU, MT, NL, PL, RO, SI, SK, UK	ES, LV, PT,	EL
	Freeze in 2011	BG, EE	CZ, IE, LT	

Source: *Eurostat 2012, tps00155*

Taking into consideration the rate of inflation, Figure 6 shows that apart from a few exceptions (Latvia, Hungary, Poland, Romania and Slovenia in 2011 and Bulgaria, Hungary and Poland in 2012), minimum wages decreased in real terms throughout Europe in the past two years. The highest decline in real terms was in Greece, where the reduction of the minimum wage in the second half of 2012 resulted in an average real decline of more than 10%.

Figure 6: *Real changes of minimum wages in national currency 2011–2012 (%)*



Source: *Eurostat 2012, tps00155 and prc_hicp_mv12r; Rate of inflation: HICP, moving average 12 months. Dec 2011 for 2011 and Oct 2012 for 2012.*

Working Poor

The objective of combating social exclusion and poverty was a prominent feature of the Lisbon Strategy in 2000, which presented the vision of a socially cohesive as well as an economically prosperous and competitive European Union. This objective has been re-affirmed in the Europe 2020 strategy and employment continues to be seen as the best protection against poverty. However, a Eurofound study published in 2010 (Eurofound 2010), shows that, according to available data at EU level (EU-SILC, 2007), as many as 6% of employees and 18% of self-employed people are classified as poor. In total, 8% of the employed population in Europe can be classified as being at risk of in-work poverty or being working poor.

While the data is from before the onset of the crisis (i.e. 2007), the fact that wages have declined during the crisis in some countries, together with the evidence reported earlier that certain vulnerable subgroups of employees have been hit harder than others, would suggest that the problem of in-work poverty has increased.

The ‘working poor’ are a section of the population that is difficult to identify not only due to the lack of specific data but also because the concept combines two levels of analysis: the working status of individuals (individual level) and the income status of the household in which they live, which is below the poverty threshold (collective level). Working poor are defined in the same way as the indicator used by the European Commission to assess and monitor in-work poverty. Working poor are those who are employed and whose disposable income puts them at risk of poverty. ‘Employed’ is defined here as being in work for over half of the year and ‘risk of poverty’ is defined as having an income below 60% of the national median. Income is measured in relation to the household in which a person lives and covers the income of all household members, which is shared among them after being adjusted for household size and composition.

According to the 2007 EU-SILC data, the risk of being working poor is higher in the southern EU countries – Greece, Italy, Portugal and Spain – as well as in some new Member States, including Poland and the Baltic countries. An elevated risk is also found in Luxembourg and the UK. Men are often more affected than women in this respect. Women, although facing a higher poverty risk, are less affected when working because they frequently are the second earner in the family, following the male breadwinner model. Young persons face a higher risk (mostly in the northern European countries); however, workers aged 25–54 years tend to be most at risk in the Member States that joined since 2004 while older workers face the highest poverty risk in the southern EU Member States. A low educational level is associated with an almost fivefold increase in the risk of being among the working poor, in comparison to workers with a high level of education. Being employed part time or for less than a year almost doubles the in-work poverty risk; having a temporary employment contract raises this risk nearly threefold. Overall, household characteristics such as being a single parent play an important if not the most important role. Other groups with a high risk of poverty are self-employed people, family workers and migrants.

With the exception of six countries – Bulgaria, Cyprus, Germany, Ireland, Norway and the UK – the issue of the working poor was not seen as a government policy priority at the time of the study in most EU Member States. Nonetheless, although in-work poverty is not directly addressed, it is treated within the framework of policies to combat poverty and social exclusion or policies related to the respective social welfare systems. Combating unemployment or increasing employment has become a policy priority, as unemployment is considered a key driver of poverty. In a few countries (Germany, Slovenia and the UK), the social partners have initiated a debate on the relative priority of job quality and working conditions, on the one hand, and the quantity of jobs, on the other.

At the time the study was being carried out, reliable data to assess the impact of the crisis on the number of working poor were not yet available and the possible effects were still unclear. Nevertheless, there was already a general feeling that the working poor have been hit particularly hard by the current recession. Firstly, the increase in unemployment has affected low-skilled, temporary workers the most. Secondly, due to this rise in unemployment, the male breadwinner model will be difficult to maintain, thereby increasing the number of working poor. The working poor may also be more strongly affected by wage cuts and/or reduced working hours, which have occurred in a number of European countries. Policy measures explicitly targeting this group have been identified in only eight of the 28 countries covered in the study and the cutbacks in state budgets, the report concluded, could even have an additional negative impact on the working poor.

Upcoming Eurofound research 2013 and 2014

As part of the work programme 2013, Eurofound has been mandated by its stakeholders to carry out further research on wages within the following research projects:

- Developments in collectively agreed pay 2012: this is a continuation of Eurofound's annual update on pay developments in the Member States and Norway. It looks into developments of collectively agreed pay 'on average' and in three sectors: metal, banking and local governments, as well as recent debates and changes in the field of minimum wages. The report will be published in August 2013.
- Pay developments into the 21st century: this report will draw on material on collectively agreed pay which Eurofound has collected on an annual basis, reaching back to the 90s. It aims to present time series of collectively agreed pay from the Member States and Norway, compare these to other economic measures and it will furthermore report on longer term developments in the level of minimum wages and presents the results of an accounting exercise on the most recent Structure of Earnings Survey as to how many employees per country would fall under a threshold of 60% of average earnings. This report will be published in the first quarter of 2014.

- A further comparative report will look into changes in wage-setting mechanisms in the context of the crisis and new economic governance. This report will map and analyse changes in wage-setting mechanisms at Member State level in the context of the economic crisis and economic governance and assess why these changes have taken place; map and identify the factors that may have influenced changes in wage-setting mechanisms; analyse the extent to which the implementation of measures arising from new EU economic governance have potentially influenced national traditions of industrial relations, in particular wage-setting mechanisms. This report will be published in the first quarter of 2014.

Summary and conclusions

The issue of wage bargaining has become a hot topic in many Member States – if not entirely, then at least partly resulting from the need to react to changing economic and social conditions as a result of the crisis and the coordinated policy efforts at European level.

An overview of issues in relation to wage setting showed that there seems to be an acceleration in the already longer observed trend of more decentralised wage bargaining (for example in Ireland, Greece, Spain, Italy, Germany, Romania). Whether this trend of decentralisation will continue is hard to judge. At least two counter examples of re-centralisation are Finland and also Sweden where the return to an industry-level agreement as a framework for lower level negotiations or pace-setting agreement for other sectors was re-established, after the practice had been discontinued for some time in Finland and once during the crisis in Sweden. Also in Belgium, the stronger government intervention in the bargaining process would serve as a further counter example to the observed general trend of decentralisation.

Most of the debate on reform of wage-setting machinery focuses on the expected benefits of changes to make wages more flexible downwards, and better adapted to local (i.e. sub-sectoral) conditions. It is nevertheless important to take account of how such changes may impact on other functions of the wage system, intended to foster security for the majority of wage-earners, to combat poverty and what impact such changes will have on wage gaps between men and women, and on people in different age and skills groups.

The last update on pay developments by Eurofound (Eurofound 2012a) showed that as inflation was high, the increases agreed were not enough to maintain purchasing power in most cases. The highest decline in real terms (for those country with available data) could be seen in the United Kingdom (-2.6%), Malta (-2.2%) and Portugal (-2.0%).

Eurofound's analysis of wages and working conditions (Eurofound 2012b) showed that it is important not to look just at average wage trends (for example, those based on aggregated national accounts) but also to carry out more detailed investigations as these averages can hide important employment effects. Wages can be cut across the board, but when the economy has lost a considerable number of low-paid jobs, it is still possible to get the impression that the average wage trend is one of growth.

The effects of the crisis (as evidenced by data from 2010) were not distributed evenly but hit some groups stronger or in different ways than others: younger workers were more likely to face declines in job security, while older workers were more at risk of wage cuts; men were more likely to be subject to reduced job security or reduced wages than women, because of their engagement in those sectors which were more heavily hit (in the first place), non-natives were more at risk to lose their jobs; workers in the Baltic States or Ireland were at much higher risk of wage reduction than workers in other countries.

The last two years were also marked by considerable moderation as regards the development of minimum wages. Half of the countries had freezes in nominal terms in at least one year. This meant that in real terms, apart from a few exceptions (Slovenia, Hungary and Bulgaria), employees on the minimum wage experienced losses in their purchasing power throughout Europe. To date there are no current studies looking into the impact the crisis had on the working poor – as a result of wage moderation, increased job-insecurity and the decline in real wages. It would be worthwhile to investigate these questions in future research, for example based on the forthcoming structure of earning survey.

Another idea that emerged from the above cited research (Eurofound 2012b) is that prolonged and excessive wage freezing could be expected to have negative effects on job engagement and productivity, which can ultimately lead to macroeconomic imbalances. This is, however, another idea which would need more in-depth research.

Particular caution may be warranted given that recent years have seen both a decline in the wage share of income, and increased inequality within the wage share (though to very different degrees in different countries). There appears to be an implicit assumption of antagonism between capital and labour. An analogy with the natural world – that of symbiosis – may give a more rounded view, in which the interdependence of labour and capital are recognised.

Annex

Table 3: *Dominant levels of wage setting*

Country	Levels at which wages are set
Austria	Sectoral and regional collective bargaining.
Belgium	1. Indexation (different systems and practices decided by (sector) collective agreement, only the consumer price index – the so-called health index – to be used is determined by law) and wage norm (vertical coordination of wage-setting by comparison of wage trends with neighbouring countries) 2. Sectoral and intersectoral CB 3. Separate system for the public sector, because of statutory employment ruled by Decrees; besides indexation, protocols signed on a more and more irregular basis and by government level (federal, regional, local). These protocols have to be afterwards implemented by state regulation.
Bulgaria	Sectoral and company level. (In 2007 the first national agreement on the recommended pay increase index in the private sector was concluded. However since than the social partners failed to negotiate any further national level inter-sectoral agreements (**BG0706059I**)).
Cyprus	1. Indexation (COLA) 2. Sectoral CB/company level
Czech Republic	1. Sectoral CB sets minimum standards and conditions 2. Company level
Denmark	1. Pace-setting agreement: Industry 2. Sectoral CB sets minimum standards 3. Company level decides actual wage
Estonia	Company-level bargaining, CB has little importance overall.
Finland	1. Pace-setting agreement: Industry (however, in 2010 shift towards more decentralised bargaining, only with recommendations from the intersectoral level). 2. Sectoral level
France	Sectoral CB
Germany	Sectoral/regional CB
Greece	1. National minimum wage increases serves as basis 2. Company-level bargaining
Hungary	1. Recommendations at national level, minimum wages serves as base 2. Company level

Country	Levels at which wages are set
Ireland	Pre-crisis: National/intersectoral agreements Now: decentralisation – company level. Sectoral agreement mechanisms to be revised.
Italy	1. Interconfederal agreement provides maximum level of pay increase (linked to inflation) to be 2. agreed in industry level agreements.
Latvia	Company-level bargaining, CB has little importance overall.
Lithuania	Company-level bargaining, predominant, but in 2009 first time a national level tripartite agreement was reached. To be renegotiated. CB has little importance overall.
Luxembourg	1. Indexation 2. Sectoral CB
Malta	1. Indexation (COLA) 2. Company-level bargaining
Netherlands	Sectoral CB
Norway	1. Trend-setting agreement (LO/NHO) 2. Sector-level bargaining
Poland	Company-level bargaining
Portugal	Sector-level bargaining
Romania	1. National collective agreements set the minimum wage increases (basis for other levels) until 2011 2. Sectoral CB
Slovakia	Sectoral level CB
Slovenia	Sectoral level CB
Spain	1. Intersectoral level bargaining with reference to inflation set the framework for national sectoral, provincial sectoral, company levels (indexation) 2. Company level now more important than sectoral level In 2010 maximum level of pay increase was agreed within intersectoral agreement.
Sweden	1. Trend setting agreement: industry 2. Sectoral CB In 2010: deviation at sectoral level from the trend-setting agreement
United Kingdom	Company-level bargaining

See also Eurofound (2011) for an earlier version of this table.

Table 4: *Nominal minimum wages in euro per month*

	2005	2006	2007	2008	2009	2010	2011	2012
BE	1,210	1,234	1,259	1,309.6	1,387.5	1,387.5	1,415.24	1,443.54
BG	76.69	81.79	92.03	112.49	122.71	122.71	122.71	138.05
CZ	235.85	261.03	291.07	300.44	297.67	302.19	319.22	310.23
EE	171.92	191.73	230.08	278.02	278.02	278.02	278.02	290
IE	1,183	1,292.85	1,402.7	1,461.85	1,461.85	1,461.85	1,461.85	1,461.85
EL	667.68	709.71	730.3	794.02	817.83	862.82	862.82	876.62
ES	598.5	631.05	665.7	700	728	738.85	748.3	748.3
FR	1,286.09	1,217.88	1,254.28	1,280.07	1,321.02	1,343.77	1,365	1,398.37
LV	114.63	129.27	172.12	229.75	254.13	253.77	281.93	285.92
LT	144.81	159.29	173.77	231.7	231.7	231.7	231.7	231.7
LU	1,466.77	1,503.42	1,570.28	1,570.28	1,641.74	1,682.76	1,757.56	1,801.49
HU	231.74	247.16	260.16	271.94	268.09	271.8	280.63	295.63
MT	555.06	584.24	601.9	617.21	634.88	659.92	664.95	679.87
NL	1,264.8	1,272.6	1,300.8	1,335	1,381.2	1,407.6	1,424.4	1,446.6
PL	207.86	232.9	244.32	313.34	307.21	320.87	348.68	336.47
PT	437.15	449.98	470.17	497	525	554.17	565.83	565.83
RO	78.7	89.67	115.27	138.59	149.16	141.63	157.2	161.91
SI	490.07	511.9	521.8	538.53	589.19	597.43	748.1	763.06
SK	167.76	182.15	220.71	241.19	295.5	307.7	317	327
UK	1,134.67	1,212.61	1,314.97	1,242.24	995.28	1,076.46	1,136.22	1,201.96

Source: *Eurostat tps00155. The data shown here apply to the situation on 1 January each year. In some countries the basic national minimum wage is not fixed at a monthly rate but at an hourly or weekly rate. For these countries the hourly or weekly rates are converted into monthly rates. The national minimum wage usually applies to all employees, or at least to a large majority of employees in the country. Minimum wages are gross amounts, that is, before deduction of income tax and social security contributions. Such deductions vary from country to country.*

Table 5: *Nominal minimum wages in national currency per month*

	2009S1	2009S2	2010S1	2010S2	2011S1	2011S2	2012S1	2012S2
BE	1,388	1,388	1,388	1,388	1,415	1,444	1,444	1,472
BG	240	240	240	240	240	240	270	290
CZ	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
EE	278	278	278	278	278	278	290	290
IE	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462
EL	818	863	863	863	863	877	877	684
ES	728	728	739	739	748	748	748	748
FR	1,321	1,338	1,344	1,344	1,365	1,365	1,398	1,426
LV	180	180	180	180	200	200	200	200
LT	800	800	800	800	800	800	800	800
LU	1,642	1,683	1,683	1,725	1,758	1,758	1,801	1,801
HU	71,500	71,500	73,500	73,500	78,000	78,000	93,000	93,000
MT	635	635	660	660	665	665	680	680
NL	1,381	1,399	1,408	1,416	1,424	1,435	1,447	1,456
PL	1,276	1,276	1,317	1,317	1,386	1,386	1,500	1,500
PT	525	525	554	554	566	566	566	566
RO	600	600	600	600	670	670	700	700
SI	589	589	597	734	748	748	763	763
SK	296	296	308	308	317	317	327	327
UK	948	948	956	956	978	978	1,004	1,004

Source: *Eurostat tps00155*

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More information from the national level

List of wage related EIRO information updates – 2011 and 2012

Country	Title	Link
Austria	Union suggests wage bargaining for women	AT1109011I
Austria	New agreement signals better deal for retail workers	AT1201011I
Belgium	Reactions to 2011–2012 cross-sectoral agreement	BE1102011I
Belgium	Bargaining for a new sectoral agreement in education	BE1104011I
Belgium	Time to end automatic wage indexation?	BE1105011I
Belgium	Ministry rejects sectoral collective agreement	BE1108011I
Belgium	New demands for wage indexation reform	BE1207011I
Bulgaria	Deadlock over 2012 minimum social security thresholds	BG1110021I
Bulgaria	No agreement on pay and benefit increases after months of talks	BG1106021I
Bulgaria	Trade unions oppose public administration pay reform	BG1111011I
Cyprus	Ministry announces further minimum wages increases	CY1105029I
Cyprus	Social partners agree on pay indexation	CY1202019I
Czech Republic	Škoda Auto pay deal halts strike threat	CZ1103029I
Czech Republic	Medical unions pledge to continue protest over pay	CZ1112029I
Czech Republic	Government rejects proposal for minimum wage increase	CZ1201039I
Denmark	Economic crisis weighs on 2011 wage bargaining round	DK1101029I
Denmark	Classic compromise agreement in public sector	DK1104019I
Denmark	Limited options expected in new bargaining round	DK1201019I
Denmark	Finance and insurance sectors agree small pay rises	DK1203019I
Denmark	Workers increasingly excluded from bargaining model	DK1204019I
Estonia	Unions propose progressive income tax and higher social security benefits	EE1012019I
Estonia	Rescue workers get better collective agreement	EE1102019I
Estonia	New collective agreements for transport workers	EE1102029I
Estonia	New collective agreement to increase wages of oil shale workers	EE1105019I
Estonia	Wage increase for railway workers	EE1105039I
Estonia	Minimum wage at a standstill after another round of negotiations	EE1107019I
Estonia	Small minimum wage increase agreed	EE1201019I
Estonia	Teachers strike over low pay	EE1202029I
Estonia	New sectoral collective agreement in transport sector	EE1202019I
Estonia	New act aims to simplify termination of collective agreements	EE1207019I
Finland	New collective agreements for public sector employees	FI1102051I
Finland	Social partners agree national pay settlement	FI1110011I
Finland	Social partners sign ‘historic’ tripartite framework agreement	FI1111011I
France	Wage negotiations provoke conflict as companies return to profit	FR1104021I
France	Report highlights rise in number of company-level agreements	FR1109021I
France	Social partners review intense phase of social dialogue	FR1105031I
France	Collective bargaining in 2011	FR1207011I
Germany	Social partners in chemicals negotiate new collective agreement	DE1104029I
Germany	New package of wage agreements for steel industry	DE1010019I
Germany	Interim report on 2011 bargaining round	DE1107019I
Germany	New collective agreement concluded in insurance sector	DE1108019I
Germany	Newspaper editors win pay rise after strike action	DE1109019I
Germany	Views divided over impact of statutory minimum wage	DE1110019I
Germany	Christmas bonus – collective agreements and actual payments	DE1111019I

Country	Title	Link
Germany	Collectively agreed wages go up by 2% in 2011	DE1202019I
Germany	Temporary agency workers granted national minimum wage	DE1202029I
Germany	Public service employees agree new deal	DE1205029I
Germany	Collective agreements concluded in the metal industry	DE1206019I
Germany	Interim report on 2012 bargaining round	DE1207029I
Greece	OTE cuts costs in three-year deal with union	GR1110019I
Greece	Joint letter rejects private sector salary threshold cut	GR1202049I
Greece	Troika approves new set of changes in jobs and pay	GR1203019I
Greece	Company-level employment contracts trigger wages drop	GR1206019I
Hungary	Wage and Tax Monitoring Committee set up	HU1104011I
Hungary	Government to stop consulting unions on minimum wage	HU1107021I
Ireland	Crisis pushes workers to accept pay cuts	IE1107029I
Ireland	Independent experts call for reform of wage setting	IE1107019I
Ireland	Recent wage rises likely to be limited to export-driven sectors	IE1201019I
Ireland	Electricity workers back €140m job cuts	IE1205019I
Italy	Company-level agreement signed at Carrefour Group	IT1104029I
Italy	Collective agreements influenced by 2009 protocol	IT1007019I
Italy	Fiat leaves Confindustria and signs new company agreement	IT1111029I
Italy	Renewal of banking sector's national collective agreement	IT1202039I
Italy	Chemical and energy unions agree basis for collective negotiations	IT1206039I
Latvia	Minimum wage to stay unchanged	LV1108019I
Latvia	Welfare benefits are replacing wages	LV1112019I
Lithuania	Trade unions press for minimum wage increase	LT1105029I
Lithuania	Social partners try to reach consensus on new national agreement	LT1207029I
Luxembourg	Collective agreement collapses in woodwork sector	LU1103041I
Luxembourg	New collective agreement signed in banking sector	LU1107011I
Luxembourg	Major reform of civil service to affect status and pay	LU1108011I
Malta	EU Commission recommends review of Malta's wage indexation system	MT1107019I
Norway	Norwegian wages rose 3.75% in 2010	NO1102049I
Norway	2011 wage talks draw to a close	NO1105029I
Norway	Minimum wage for cleaning industry	NO1107019I
Norway	Adecco to grant retroactive overtime pay	NO1110029I
Norway	Pay clauses in public contracts challenged by ESA	NO1201029I
Norway	Wages increased by 4.2% in 2011	NO1203019I
Norway	Trend-setting collective agreement reached	NO1205019I
Norway	Court rules on validity of extending collective agreements	NO1206019I
Poland	Regional railway workers go on strike over pay	PL1108019I
Poland	Minimum wage under debate	PL1110019I
Romania	National unique collective agreement ended by law	RO1107029I
Romania	Social partners opt out of social dialogue in protest at new legislation	RO1112019I
Romania	Cabinet resigns as social partners oppose austerity measures	RO1202029I
Romania	Effect of the National Bipartite Agreement	RO1202039I
Slovak Republic	Government agrees minimum wage rise for 2012	SK1110029I
Slovak Republic	Workers win pay rise in compromise deal at US Steel Košice	SK1206019I
Slovak Republic	Higher salaries for nurses at risk	SK1206019I
Slovenia	Agreement reached on austerity measures in the public sector	SI1205019I

Country	Title	Link
Spain	Government to reform collective bargaining rules	ES1107011I
Spain	National framework agreement for the commerce sector	ES1112021I
Spain	Government and construction sector clash over bargaining reforms	ES1206011I
Spain	Unions oppose new law sanctioning greater flexibility	ES1202021I
Sweden	Upcoming wage bargaining round of 2011	SE1101019I
Sweden	Economy looms large in 2011–2012 wage bargaining	SE1109019I
Sweden	Proposed youth salary sparks debate	SE1110029I
Sweden	Social partners' battle over pay set to continue	SE1111019I
Sweden	Collective agreement sets tone for 2012 wage bargaining	SE1201019I
Sweden	Unions divided over Euro Pact	SE1202019I
Sweden	Student collective agreement proposal	SE1208039I
United Kingdom	National Minimum Wage to be increased by 2.5%	UK1104039I
United Kingdom	Discussions about whether workers should help set executive pay	UK1110029I
United Kingdom	Minimum wage frozen for young workers	UK1204039I
United Kingdom	Government seeks local pay rates in public sector	UK1204029I
United Kingdom	Bus drivers strike over Olympic payments	UK1206029I

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