

## Workshop in Prague 18-19 October 2017

The workshop had 32 participants from the Eastern region and industrial Europe, 14 of whom were women.

### Key points:

- Wage convergence with the West has stalled after the crisis. In some countries, we even see a movement of de-convergence. Cost-cutting policies were pursued to make the economy more competitive although these countries were not part of the EU's programme countries.
- Labour in the East is undervalued, also according to wage shares of GDP that show the relation between capital and labour. Real wage is much behind productivity growth. This is not only unfair, this is also economically wrong. The workforce is not paid at the right level!
- Recently, there has been a new wage dynamism. In 2017, some indicators have pointed towards increased foreign direct investment and wage increases. Unions are demanding 8-10% in companies that are doing well. However, this late correction does not fully remedy the situation.
- There is a productivity reserve for creating the case for catching-up.
- We see production being moved from China to South-East Europe because it's cheaper there.
- Remains the question on how to get eastern Europe countries out of the risk a low wage trap and their subordination in the international division of work. Emerging from the low-wage competitiveness model requires an ambitious industrial policy. Thus, for the moment, R&D is too low and FDI is losing momentum. Investments are peaking up, but they are behind 2008 level.
- We need to use simple, understandable arguments for wage convergence.
- It is important to raise minimum wages in the East. It is difficult to live off a minimum wage. People often fall into poverty. In Slovakia, the priority is to lobby the government to increase the legal minimum wage. The weak collective bargaining structures, do not allow the trade unions to reach their objective. The minimum wage remains a very important driver in the wage policy.
- Many eastern workers leave their countries to get better pay for the same jobs.
- Employers tend to think that higher-level agreements are obsolete elements of the last century. They also think that companies with agreements are too expensive compared with companies without agreements. Unions are convinced of the opposite.
- The Vienna Memorandum is very important to adapt the sector level approach to a company level approach.
- Some sectors in eastern countries do not have proper associations of employers, just groups of companies for lobby purposes with no provision in their statutes about negotiations.
- Unions do often not have resources to assist local bargaining.
- Wages are lower in multinationals in the East. The companies are trying to play workers in different countries up against each other. MNCs are using flexibility at an extreme level. Reduction of working time is of course a priority but without wage reduction.
- It is also fair to say that eastern European countries have been the main beneficiaries of the relocation strategies of MNCs. The 4 million jobs lost in the industry have mainly concerned Western Europe.
- It is very important to recall the wage coordination rule. However, the WCR is a minimum. It will not allow to catch up with Western Europe wages. We should make the case to go beyond.

- The European Semester: The Commission should change its narrative.
- Decent jobs are also high on the trade union agenda
- Priority for the trade unions is temporary agency workers. The trade unions demand equal treatment between temporary agency workers and employees.
- Migrant workers are coming in from Mongolia and Ukraine. Unions want equal treatment for migrant workers.
- Youth are still sceptical to unions which they think come from the communist era. Unions need to work more on PR and public image.
- All unions need to build power, not just the weakest.