



On the Way to European Education Partnerships

Minimum standards and key public service issues in future education activities
23-25 November 2006, Berlin



Seminar report

1. Introduction

The seminar was organised jointly by EPSU and the ETUI Education Department with a view to establishing educational partnerships between unions. Unions from Bulgaria (health and energy), Romania (energy, water and municipal sector) the UK (Unison) and Germany (Ver.di) discussed a number of issues connected to this objective as well as exploring the theme of minimum wages and minimum standards. The representative from Ireland was unable to attend, although IMPACT has made a commitment to being involved in this initiative.

There were three main activities that took place in two working groups (Group 1: UK and Romania; Group 2: Germany and Bulgaria). The working groups were tasked to establish plans for the establishment of joint educational partnerships.

The seminar opened with a session of introductions, which consisted of an activity to get to know each other and the expectations of the seminar. This led into the presentation of country reports.

2. Country reports

Romania

In Romania unions have had a critical role to play in the liberalisation of the market carried out in the preparation for accession to the EU. Globalisation is shaping Romania and multinationals play an increasingly important role. This has impacted on union membership (which has declined from between 70% and 80% in 1991 to 38% today in the oil, gas and energy sectors). Membership levels are higher in the public services. Developments at the global trade union level have also led to more union consolidation including union mergers. Romania has a population of 23 million people and there is a high incidence of poverty and low wages. Currently the wage allocation in the budget is only 0.5% of GDP.

The positive attitude to EU accession has been slipping in recent years (in 2004 74% of the population was positive about EU accession, this is now 62%). There are social and economic concerns, particularly in rural areas. Concerns include a perceived negative impact of accession on agriculture, living standards, drug problems and higher tax levels.

The minimum wage is currently €100 per month and there have recently been rising prices. There are very high levels of outward migration and a real loss of skilled and professional workers. Unions are concerned that the government sees a low wage economy as being part of Romania's future competitive base. Corruption continues to be a big problem in government and the law, and in areas such as energy supply and production this has had negative impacts. There is no legal basis to challenge corruption.

Bulgaria

Bulgaria has experienced an increase in growth rates, although this has not been matched by an increase in the national minimum wage, the funding of public services and the living standards for Bulgarian people. Growth rates have risen from 4% of GDP in 2004 to 5.6% in 2006. Average wages have not kept up with inflation (wages have on average risen by 4.4%, the minimum wage has risen by 4.6%, whilst inflation has been 6.5%). The current minimum wage is €90 per month, established after long negotiations between unions, employers and the government. The government has followed a cautious fiscal policy framework and its current budget surplus is below 3% of GDP meeting the Maastricht criteria. The result is that there has been underfunding of health and education services. There has been a declining unemployment rate (currently in 2006 this is 10.5%) and the government has reduced the tax burden.

There is a growing gap between high income and low-income earners. Price rises have also fuelled poverty and currently 54% of the population have expressed fears that rising prices will increase poverty; 47% fear that companies will go bankrupt and 39% fear that outward migration will increase. Unions highlighted the information deficit regarding EU policy and freedom of movement. Corruption is an issue in Bulgaria. This exists in the health services where an anti-corruption body has been established; in the legal sector the immunity of judges and attorneys is to be suspended.

Trade union density has been declining in recent years. In 1990 82% of workers were members of trade unions (compared to 31% in the EU) whereas in 2006 this has declined to 28% (compared to 26.6% in the EU). Unions have been active in lobbying against poverty and low wages; a demonstration this year had a slogan "against poverty and low wages". In the health sector there are some inequalities between those with insurance and those without. Doctors and other health professionals have been critical of the quality, lack of access to health care and the declining level of health funding (currently 4.3% of GDP). Workers in the health sector are covered by a collective agreement but pay is at minimum levels and in some cases there is no remuneration or limited attention to collectively agreed minimum wage levels for the lowest paid workers. There are significant problems of outward migration of nurses and in the future Bulgaria may have to recruit nurses from Moldova.

The water sector is the only sector that is still publicly owned (there are 54 companies and 18,000 employees in this sector). The energy sector has been liberalised and this has impacted on wage levels. There are more public-private partnerships and a high level of outsourcing. It is anticipated that there

will be a 35% decline in employment in energy resulting from liberalisation. A state commission for water and energy has been established to provide a monitoring role.

Germany

There is currently a coalition government in Germany. Low and negative growth rates (currently 2.6%) have resulted in unemployment and economic hardship. Unemployment is currently at a rate of 9.8% (4 million registered unemployed), with a higher rate in the east of 15.7%. Long-term unemployment has also been rising with 52% of those who are unemployed have been unemployed for more than a year.

Trade union membership has been declining in recent years (from 9 million or 30% of the working population in 1991 to 6.8 million or 20% in 2006). Ver.di is a new multi-sector services union resulting from a recent merger; it has 2.2 million members and 4000 staff.

Public attitudes to the EU have shown some concerns about the enlargement process, although trade unions recognise the importance of enlargement as a political process and one that will have mutual economic and social benefits. In particular membership of Turkey is unpopular. Some trade union members are not in favour of enlargement and there are concerns that this could result in declining wage levels. 70% of working people are covered by collective agreements in West Germany, compared to 50% in East Germany. A recent development has been an increase in poverty wages and the incidence of the 'working poor'. Low paid women workers are particularly affected. Ver.di has a campaign for a statutory living minimum wage at €7.50 per hour, to be progressively increased to €9 per hour. There is no real political commitment in the government to a statutory minimum wage.

Free movement of labour has been restricted from the new member states and the accession countries for seven years. There is a general lack of knowledge about the positive impacts of migration and free movement.

UK

The UK has experienced declining union density, although there has been a recent increase in public sector employment, in areas such as the health service. This is the result of a commitment from the labour government, elected in 1997, to increase public spending in the area of health, which was very run down after the conservative government's policy of reduced public expenditure. At the same time there has been a trend to downsize government and there is a plan for a loss of 100,000 civil service jobs. In the UK there is legislation covering a range of minimum labour standards, however, the legislation is badly enforced. The labour government has introduced a national minimum wage (€8.56 per hour) and there are two lower rates for young people. This was the result of many years of campaigning by trade unions in the UK.

There have been substantial changes in employment in the public services with a shift away from core public service employment to more and more

outsourced jobs, where recruitment takes place through agencies, non-profit companies or contracted companies. This makes collective agreements difficult to enforce since much employment is not contracted out by the State. Another factor is that there has been an increase of migrant workers (around 400,000 workers today). Unions have highlighted the need to understand more about people's backgrounds and rights, including more joint training on building people's rights and in organising and recruitment.

EPSU

Carola Fischbach-Pyttel, General Secretary of EPSU, provided an overview of EPSU's activities. EPSU has 8 million members, in 200 unions and 34 countries and covers a diversity of sectors. Women play a substantial role. Carola set out the structures and work of EPSU, including EPSU's campaigns and activities. (The slides from this presentation are attached).

Jane Pillinger provided a brief overview of EPSU's activities including the EPSU Toolkit on European integration which contains fact sheets and training activities on a variety of themes in nine languages (including German, Bulgarian and Romanian). It is anticipated that the Toolkit will form a useful resource for future educational partnerships, as well as activities and awareness-raising at the national level.

3. Minimum wages and minimum standards

This session focussed on the role of minimum wages and standards and five speakers presented a range of perspectives and experiences of minimum wages. Powerpoint presentations from the speakers are attached.

Richard Pond, EPSU

Richard Pond provided an overview of EPSU's work on the coordination of collective bargaining which has been established in relation to ETUC guidelines. EPSU collective bargaining network (EPSU-COB@) currently has 100 contacts in 30 countries and EPSU organises an annual collective bargaining conference. Established in 2004 the network aims to develop collective bargaining policy and coordination. Activities include email list on key development, email bulletin, annual conference and annual report, development of specific policies and work on specific sectors, and the development of a database. Current issues concern migration, young workers, older workers, outsourcing and low pay. A key priority has been to establish a European minimum wage policy, with targets. EPSU also currently has a campaign on minimum wages and low pay. A recent demonstration of Lithuanian workers had a slogan "A European wage for Lithuanian workers". Richard stated that there are a number of different strategies for establishing minimum wages and that EPSU advocates a dual strategy of statutory minimum wages and collectively agreed minimum wages. Across Europe targets range from 75% to 60% of average wages.

Heiner Dribbusch HBS/WSI Düsseldorf

Heiner's presentation provided an overview of research on living minimum wages. Wages are a cost factor in competitiveness rather than a basis for

quality of life. An overview was given of the setting of statutory minimum wages and the setting of minimum wages by collective agreement. The highest minimum wage can be found in Luxembourg (€8.6 per hour) whereas the lowest minimum wage can be found in Bulgaria (€0.47 per hour). A key issue is the percentage of average wages that the minimum wage represents; currently the highest level can be found in France where the statutory minimum wage represents 62% of average wages.

An overview was given of the different systems for setting minimum wages. In the Scandinavian countries (excluding Norway) high levels of union membership has meant that most workers are covered by collective agreements. In Austria workers are similarly covered in large numbers by collective agreements that are applicable in companies where employers are members of the national employers association. In Germany there is no minimum wage or functional equivalent. Different minimum wage setting models also exist. In the USA, Ireland, Belgium and Greece these are established on the basis of negotiation; whereas in the UK they are set as a result of a political decision. In some countries minimum wage levels are set in line with inflation. Despite concerns by employers there is no systematic link between the establishment of minimum wages and an adverse impact on employment.

In Germany, women workers in the service sector particularly feel the growth of the low wage economy. Unemployed people are now required to take up low paid work, even if this is not commensurate with their qualifications. The decline of workers covered by collective agreements means that fewer workers are also guaranteed minimum wages through collective agreements, particularly in low wage sectors. This is one of the reasons that unions in Germany have been campaigning for a statutory minimum wage. A combination of collectively agreed minimum wages and a statutory minimum wage is more likely to cover the whole population, whilst collective agreements can be used to enhance the statutory minimum wage.

Questions were raised about the level at which the minimum wage should be set and the impact that low wages have on economic and social development.

Bela Galgozi, ETUI Research Department

Bela presented an overview of minimum wage trends in Europe and argued that low wages are not a strategy in some countries but a situation that is hard to change. Wage moderation exists across all of Europe, with the exception of Norway, and Western Europe has absolute wage moderation (particularly Germany, Belgium and the Netherlands) and relative wage moderation in the new member states. There are also examples of real decreases in unit labour costs in countries like Poland. Overall there has been higher wage growth in the new member states, but this appears to be slowing. The Baltic States have seen high wage increases (15% nominal wages in increase in Estonia, in Latvia 14%).

The ETUC guideline covers a real increase in collectively agreed wages minus productivity increases. However, wage increases in collective

agreements and total wage increases are below the sum of inflation and productivity in all European countries. There are a number of factors and conditions driving wage convergence including international investment, productivity growth, and the role of direct investment. Transfers and regional spending have a relatively low impact (with European Structural Fund support only representing 1% of GDP), whereas underlying standards and labour mobility have an impact in countries such as Romania and Bulgaria. Other factors concern the macro-economic framework and collective bargaining.

Minimum wage levels in most countries tend to follow general wage developments and for all countries the share of minimum wages is under 50% of average wages. In Bulgaria the minimum wage is established in the law and different methods have been used to update the level: compensation relative to accrued inflation, link to the average wage for the country, indexation with a faster growth compared to average wages. In the period 1996-1997 the minimum wage lagged behind its level in 1995 by more than 30%, losing a significant part of its purchasing capacity. A higher growth could be maintained and the ratio of the minimum wage to the average wage reached up to 46.9% in 2005 from 33.6% in 1995. Romania has had no real wage increase under robust economic and productivity growth. There was no national agreement reached in Romania in 2004 and the average growth of nominal wages in the whole economy reached 18%, which corresponded to the annual inflation rate (the original inflationary target was 14%).

Christine Ochs, Ver.di

Christine outlined the Germany position on minimum wages and the Ver.di campaign for a statutory minimum wage. The trend towards poverty wages and the declining coverage of collective bargaining resulted from outsourcing has led Ver.di to campaign for a living minimum wage. The public sector continues to have relatively high coverage and not such a problem with low wages, although in recent years there has been a relatively lower increase in wages as compared to other sectors. The trend to outsourcing, liberalisation and outsourcing has resulted in some collective agreements that have agreed lower standards and reduced working conditions. The question is how far can unions agree reduced standards in collective agreements? The impact of the spread of low wages has resulted in wage dumping and the undermining of collective agreements. Low wages also have economic and social costs, through social welfare benefits. Often municipal authorities contract out services on the basis of the lowest cost rather than the quality of service; these lower costs are passed onto workers in the form of low wages.

Ver.di has sought a political response through its campaign for a living minimum wage. Fears have been expressed about the impact of wage dumping, particularly in the larger European labour market. Ver.di is seeking a minimum wage of at least €7.50 and a system of tendering that incorporates requirements that companies adopt collectively agreed wages for the sector concerned.

Questions were raised about the importance of ensuring that trade unions cooperate across Europe in establishing minimum standards across Europe,

to ensure that wage dumping does not take place, and in harmonising corporate tax rates across Europe. The issues was raised that wage dumping is not taking place in the European labour market, rather this is a global phenomenon.

Deborah Littman, Unison

Deborah outlined Unison's position on minimum wages and also the process that resulted in the implementation of the UK's statutory national minimum wage. After the election of the Labour Government in 1997 a Low Pay Commission was established (with union, employer, government, NGO and academic representatives). The Commission recommended the establishment of a minimum wage at three levels and a phased increase in the rate. They are also required to recommend increases in the rate every two years (currently set at €8.56 for adults, €7.12 for 18-21 years olds and €4.28 for 16-17 year olds). Enforcement is carried out by Her Majesty's Revenue and Customs agency and employers are required to prove that they have paid the minimum wage. Since the introduction of the national minimum wage the adult rate rise by 48.6% whilst inflation has risen by 22.1% and average earnings by 35.5%.

Unison has also examined research to identify the costs of meeting basic needs in order to make a connection between the level set and the extent to which this meets basic needs. There is also evidence of employers avoiding the minimum wage in sectors such as cleaning and in the employment of migrant workers. However, the minimum wage has been an important policy that has covered all workers, has resulted in pressures to modernise pay structures and set pay targets upwards, as well as a weapon against privatisation. Unison has a living minimum wage campaign and has campaigned to end the different age rates.

Questions were raised about migration and the links to outsourcing, coordination of collective bargaining to enhance minimum wage rates, the ending of abuses and establishing minimum wage targets.

4. Educational partnerships

This section of the report summarises the main conclusions from the working groups and the plans put in place by the working groups for educational partnerships.

In the first and second working groups providing an opportunity to exchange experiences and establish some ideas for themes for partnerships where partners could learn from each other. These included the following issues:

- Legislation covering workers rights and the social dialogue
- Trade unions structures and organisation
- Minimum wages / targets and campaigns
- Minimum standards

- Specific company projects e.g. in the energy sector
- Union campaigns
- Gender equality and gender mainstreaming
- Company restructuring and public-private partnerships
- Privatisation and outsourcing
- Recruitment and organising

Some feedback was also given about the new EPSU Toolkit fact sheet on minimum wages. Suggestions were made for including how to define low pay and minimum wages, and arguments for and against minimum wages.

The final session resulted in plans for the establishment of educational partnerships.

Romanian-British-Irish group

Themes for seminars

- Migration and issue of minimum wages and minimum standards
- EU Legislation regarding work and trade union rights
- Trade union structures: organising and recruiting
- Role of unions in retraining workers
- Running and organising campaigns
- Funding from EU on European Structural Funds and involvement of trade unions

Partners: Public service unions in UK, Ireland and Romania. Unions other than those represented at the seminar will be approached to see if they want to be involved.

Coordination and planning: Steering Committee with representatives from all unions involved in the partnership. Planning meeting to be held in mid February to plan the education partnership, plan materials and other resources, including timetable for activities, funding and participation. Local costs to be funded by Romania, travel costs to be covered by unions participating. Marina Ramie is the contact person for the Steering Committee.

Programme of seminars: The first seminar is planned for spring 2007 with a view to addressing key issues related to Enlargement and the EU: issues such as privatisation, trade union organisation and structure, migration, labour standards are suggested themes. To be discussed further at the planning meeting in February.

Other affiliates will also be approached to see if they want to be involved.

German –Austria - Bulgarian

The group developed a wide range of themes for educational partnerships and decided to start with a one initiative on minimum wages.

Themes: European integration and Enlargement; sell to public at large and the general public and minimum wages

Roundtable discussion in Bulgaria in October 2007 to discuss minimum wage issues.

A plan was made for a roundtable on minimum wages that links the establishment of the minimum wage in Germany and learning from the experience of Bulgaria.

It is planned that there will be 22 participants (from Bulgaria; Austria and German); including government representatives in Bulgaria tasked with setting minimum wage with government, employers and NGOs.

Coordination: To be coordinated by Mathias Flickschu (Germany); and two representatives from Ioanis Parteniotis and Slava Zlatanova (Bulgaria)

Location: To be held in Bulgaria (venue to be decided)

Funding: Through EPSU and FES (for interpreting costs).

Carola Fischbach-Pyttel highlighted the importance of the next steps which are decisive. This can also be linked into the plans EPSU has for two pilot projects to be funded by the ETUI education department, which can be supplemented by EPSU funding to provide an impulse to ensuring that this can be a self-sustained process.

5. Feedback and evaluation

Participants expressed satisfaction with the seminar, which was seen as very relevant, practical and interesting, and satisfying specific objectives. The combination of knowledge gain, new insights and possibilities for future seminars was highly valued, and the seminar was seen to be well organised. The initiative for developing partnerships was seen to be an excellent initiative and the seminar resulted in concrete and clear results. Hope was expressed to develop this into real education partnerships and action in the future.