

Opinion on the Commission opinion on an equitable wage

(92/C 223/17)

On 19 December 1991 the Commission decided to consult the Economic and Social Committee, under Article 118 of the Treaty establishing the European Economic Community, on the Commission opinion on an equitable wage.

The Section for Social, Family, Educational and Cultural Affairs, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 15 May 1992. The Rapporteur was Mrs Cassina.

At its 297th Plenary Session (meeting of 26 May 1992), the Economic and Social Committee adopted the following Opinion by a large majority vote, with two dissenting votes and 17 abstentions.

1. Introduction

1.1. Article 5 of the Community Charter of the Fundamental Social Rights of Workers stipulates that 'all employment shall be fairly remunerated'.

1.2. The Commission social action programme in implementation of the Charter states (Point 2-Employment and Remuneration; A. Introduction) that 'in matters of employment and remuneration, responsibility and, therefore, initiative lie mainly with the Member States and the two sides of industry according to national practices, legislation and agreements.'

1.2.1. A later passage states that 'the Commission nonetheless considers that in a Community of 12 industrialized countries, an equitable wage should be guaranteed to one and all', and that it therefore 'intends to act in close contact with Member States by delivering an Opinion.'

1.3. The Commission Opinion⁽¹⁾ calls on the Member States to ensure an equitable wage by complying with the following four principles:

- consideration of equitable wages as an integral part of measures to achieve the Community's basic objectives (economic and social cohesion and harmonious development within the framework of economic integration),
- pursuit of high productivity and high-quality employment, with particular emphasis on appropriate, sustained investment in human resources,
- elimination of discriminatory wage practices,
- reassessment of attitudes to traditionally low-paid groups.

1.3.1. Member States are asked to take action to:

- improve labour-market transparency with regard to wages,
- ensure that the right to an equitable wage is respected, by means of contractual and/or legislative measures.

1.3.2. For its part, the Commission undertakes to take steps to improve the collection and dissemination of data on wage structures, and to draft a report on the progress made. The first report is to be submitted within three years of the adoption of the Opinion, and subsequent reports will appear every two years.

2. General comments

2.1. Subject to the comments which follow, the Committee endorses the Commission initiative; equitable wages are a subject of key importance for the Community's social dimension, and the Commission's action should stimulate a wide-ranging debate on the matter.

2.2. Nonetheless, the Committee would like to see further studies, harmonization of data collection systems, and initiatives by the Commission, Member States and socio-economic organizations (at national and EC level) to address the wider issue of convergence of equitable wage policies within the Community and devise appropriate clear-cut solutions.

2.3. Rather than being the subject of complicated theoretical definitions which would in any case prove inadequate or confusing, the concept of an 'equitable wage' calls for a pragmatic approach. To achieve the goal of an equitable wage, agreement must first and foremost be reached on the specific economic, social,

⁽¹⁾ Doc. SEC(91) 2116 final.

cultural and environmental parameters to be taken into consideration and the general reference framework in which they are to apply (in the case of the Commission Opinion, this area is the Community, where the current process of integration is marked by application of the subsidiarity principle).

2.3.1. The EC is essentially an area of high productivity and high skills, with wage trends following suit. The Commission explanatory memorandum accompanying the Opinion seeks to give a further boost to this development.

2.3.1.1. The Committee stresses that promotion of employment is another goal that must be expressly pursued by creating new jobs and investing in human resources.

2.3.2. However, it is inconceivable in the short to medium term for all EC workers to achieve high pay levels. Even in the longer term, large areas of the labour market will be occupied by low-skilled or marginal jobs (in geographical, production or social terms). The Committee points to the need to ensure that these categories of workers always receive an equitable wage.

2.3.2.1. In the medium to long term, the continued existence (or even the extension) of large low-paid areas would hinder harmonious progress towards integration, seriously damage economic and social cohesion, and could undermine the efficiency and competitiveness of the Community economy as a whole.

2.3.2.2. The problem of an equitable wage could usefully be addressed from this angle, in order to define minimum criteria and thresholds for low pay, on which to base a process of upward adjustment.

2.4. In this connection, although the Commission Opinion gives priority attention to an equitable wage and distinguishes this from 'low' pay, the Opinion also stresses the need to tackle the problem of very low wages (first and foremost, those resulting from *de jure* or *de facto* discrimination) in order to discourage 'low pay' policies.

2.5. The Committee endorses this approach and notes that:

— a business strategy aiming primarily to compress production costs through the retention and/or

extension of low-pay areas may attract investment temporarily, but in the long term it cannot guarantee the firms that adhere to it optimum development of productivity and competitiveness because it demotivates workers, in their dual capacity as producers and consumers. For the purpose of promoting the development or revival of certain sectors, it is conceivable that workers could be offered other guarantees (e.g. basic and advanced training, job security, working conditions, career) which, if properly negotiated, could compensate for less than optimum wage conditions,

— the special features and position of some firms located in countries or regions facing development problems may make it difficult for them to raise their lowest wage levels; however, such problems must not be tackled by derogations to the rules on equal treatment or contractual and/or legislative guarantees, but rather by specific measures made possible by cohesion or support policies of small and medium-sized enterprises (SMEs).

2.6. However, the Committee would point to another aspect of equitable wages which needs to be taken into account: the principle of equal treatment, and the need for equal pay for equal work. This is particularly important since it ties in closely with a number of other problems: equal pay for men and women, and for EC and non-EC workers; full labour-market integration of workers in businesses (family-run or otherwise) who receive little social protection; and the 'home work' sector, which is developing without proper controls.

2.6.1. Equal treatment of men and women should be a priority criterion in the pursuit of an equitable wage. Despite the general recognition of the principle of equality and the relevant legislation, many women still suffer wage discrimination. The exemplary efforts of the Member States and social partners to promote equality of opportunity and equal pay for work of equal value should continue until the problem is overcome.

2.7. The Commission bases its Opinion on Treaty Article 118. The Committee endorses this decision, but

feels that reference could also usefully be made to the second paragraph of Article 117, so as to give the Commission initiative a firmer footing and broaden its potential significance.

2.8. The Commission Opinion only partly meets its declared objectives. In particular, it does not appear sufficient to 'assure' (as stated in Point 2 of the Opinion) an equitable wage for all workers in the Community. A more binding instrument would perhaps have been premature and in any case was not provided for in the social action programme. Even so, it is not to be excluded that Community action should in the longer term focus not on the substance of wage policies but on the framing of a number of accompanying measures and the indication of general criteria to encourage convergence of wage policies in the Member States.

2.9. The Commission forcefully states the need to ensure an equitable wage in the Member States, but the measures which it puts forward offer only a partial response.

2.9.1. It is clear that wage setting (and the setting of minimum pay levels, where not laid down by law) is first and foremost a matter for the social partners. However, in practice Member States conduct pay policies which correspond—to a greater or lesser degree—with their respective economic policy guidelines.

2.9.2. The constraints which convergence policy under the Economic and Monetary Union (EMU) imposes on national macroeconomic and monetary economic policies will have an increasing effect on national pay policies.

2.9.2.1. In this context, the setting of a reference wage must not only take account of macroeconomic and monetary constraints; it must also consider such factors as the different wage levels (and particularly, the average thereof) and the overall profitability and productivity of the sector and system (and not only of the individual businesses involved). The Commission Opinion makes no reference to this.

2.9.3. This is particularly serious given that the concept of an equitable wage must take account of the effect on the wage of such factors as taxation and equivalent charges, inflation and its effects as calculated in standard of purchasing power, interest rates, and the level and quality of the social services provided by the State and/or its machinery.

2.10. Moreover, the references in the Commission Opinion to the role of the social partners and of wage negotiations only concern the national level. Since the social partners rightly demand independence in negotiations, the Commission could have supported the development of 'social dialogue' at EC level, to encompass, among other subjects under discussion and in the light of the prospects opened up by the new Treaty, definition of the criteria to be borne in mind when fixing an equitable wage. These criteria should then be taken into consideration in national wage negotiations and could possibly be enshrined where relevant in national legislation particularly as regards a reference wage.

2.10.1. Given that the social partners are one of the main vehicles of subsidiarity (a fact which was further underlined in the new Treaty), the Committee would welcome an early move in this direction.

2.11. The Committee notes the urgent need to relaunch moves to make the EC labour market more transparent and to provide a framework for forward planning, so as genuinely to interconnect Member States' labour markets (with the knock-on effects—on wages, employment and productivity—that this interconnection could produce).

3. Specific comments

3.1. The Committee suggests that Point 2 of the Opinion specify that the pursuit of an equitable wage policy should also take account of macroeconomic constraints, particularly inflation: an equitable wage policy is an essential component of a policy to redistribute wealth more fairly, and can therefore help to encourage convergence of macroeconomic policies. This would limit the adverse social effects which would otherwise be bound to require costly accompanying measures.

3.2. The considerations listed in the first paragraph of Point 3 should include sex and nationality.

3.2.1. Member States should be expressly called upon to supplement the measures described in the penultimate paragraph with specific measures to combat undeclared work.

3.2.2. The role that national employment services should play in making the labour market more transparent at EC level should also be stressed.

3.3. The European-level exchanges mentioned in Point 4 should not only cover pay practices, but also those governing industrial relations and worker participation insofar as these are interlinked with pay.

3.4. Also in Point 4, the Commission could undertake to promote greater 'social dialogue' between all the relevant social partners at Community level, in order to decide the basic criteria to be used for setting an equitable wage as described in Point 2.10 above.

Done at Brussels, 26 May 1992.

*The Chairman
of the Economic and Social Committee*

Michael GEUENICH

Opinion on the proposal for a Council Directive amending Directive 89/392/EEC on the Approximation of the Laws of the Member States relating to Machinery

(92/C 223/18)

On 4 February 1992 the Council decided to consult the Economic and Social Committee, under Article 100 A of the Treaty establishing the European Economic Community, on the abovementioned proposal.

The Section for Industry, Commerce, Crafts and Services, which was responsible for preparing the Committee's work on the subject, adopted its Opinion on 6 May 1992. The Rapporteur was Mr Perrin-Pelletier.

At its 297th Plenary Session (meeting of 26 May 1992), the Economic and Social Committee adopted the following Opinion unanimously.

1. General Comments

1.1. The draft Directive is the second amendment to Directive 89/392/EEC⁽¹⁾ on machinery. The purpose of the first amendment, dated 20 June 1991⁽²⁾, was to include risks due to mobility and lifting within the scope of the 1989 Directive. This latest amendment lays down essential safety requirements specific to machinery for lifting persons. This time, the Commission has revised a number of Articles in the original Directive in order to take account of experience acquired since its publication in 1989.

1.1.1. The draft Directive has been drafted on the basis of a high level of safety and in such a way as not to lower existing safety levels in the Member States, as required by Article 100 A (3) of the Treaty.

1.2. This 'new approach' draft Directive is based on Article 100 A of the Treaty. Its purpose is to harmonize

Member States' technical legislation at a high level of safety, with a view to completing the Single Market. The Commission's Directorate-General for Social Affairs is currently preparing a draft amendment to Directive 89/655/EEC⁽³⁾ of 30 November 1989 on the use of work equipment (based on Article 118 A of the Treaty). This amendment will supplement the original text concerning rules for the use of mobile and lifting apparatus, including lifting of persons.

1.2.1. It would have been preferable for the forthcoming amendment of Directive 89/655/EEC based on Article 118 A to have been presented at the same time as the proposal under consideration here, so as to establish a clearer link between texts relating to design and use. The future Directive to be drawn up by the

⁽¹⁾ OJ No L 183, 29. 6. 1989.

⁽²⁾ OJ No L 198, 22. 7. 1991.

⁽³⁾ OJ No L 393, 30. 12. 1989.