



**POSITION OF THE UNION OF ENTREPRENEURS AND EMPLOYERS ON THE CONSULTATIONS
CONCERNING THE COMMON REGULATIONS FOR THE MINIMUM REMUNERATION FOR WORK
IN THE EUROPEAN UNION**

The Union of Entrepreneurs and Employers consistently opposes the institution of the minimum wage itself. We believe that the price for labour rendered is most effectively regulated by the market, especially since economic conditions strongly vary in regional terms.

In Poland, there are regions where the issue of unemployment is non-existent (these are usually major urban agglomerations), but there are also at the same time areas characterised by unemployment of over a dozen percent. Even assuming that these values ought to be adjusted by the percentage of people performing undeclared work, it still presents a highly heterogeneous picture of the labour market on a domestic, national scale. Such differences may also occur on a more local scale. The Mazovia Province may serve as an example in this respect, as within its administrative borders, one can observe a significant differentiation in remuneration, but also the cost of living (costs of rent, basic services etc.). Considering this, arbitrarily setting a minimum wage for the whole country seems to be an inadequate solution – the currently applicable minimum wage has virtually no significance in Warsaw, where the median salary is approx. PLN 6,100 gross, but it can also be a significant barrier for employment in places such as the Kępno Poviát in Greater Poland, where the average salary in 2018 (naturally higher than the median) amounted to PLN 2,960 gross. That is why for years we have been advocating – as the maximal variant – the liquidation of the minimum wage institution, while as the minimal variant – the introduction of even its regional differentiation.

Given the above, we assess negatively the proposal to establish common rules for the entire European Union regulating the institution of minimum wage. Of course, being aware that the Commission's goal is not to introduce a uniform, nominal minimum salary within the entire Community, we believe that even the introduction of an indicator equal for all countries, setting the lowest level of the minimum wage limits excessively the possibility of adapting this parameter to economic conditions in a specific country. At the same time, the introduction of the principle that the minimum wage in each EU country would have to be at least 60% the median of remuneration, in principle, eliminates the possibility of introducing regional differentiation of minimum wages at a state-wide, member state level. Therefore, adopting such

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an approach would in fact prevent us from implementing our own minimal postulate. Furthermore, another consequence of such a move would be to enforce a change in the long tradition of regulating minimum wages outside the generally applicable law, as part of collective agreements concluded by employers with employees. This solution is not applicable in Poland, among others, due to an insufficient degree of unionisation, but from the point of view of the diversity of the labour market, it seems to be better than setting a uniform minimum wage for the entire country in an arbitrary manner.

Moreover, we would like to emphasise that the data show that wage convergence within the European Union occurs naturally and dynamically. In developing countries, such as Bulgaria or Lithuania, the minimum wage is growing at an extremely fast pace (in the years 2007-2015, it increased by 100% and 73%, respectively), while in countries with higher wages, it either remains unchanged (for instance, in Ireland) or grows much more slowly. The Polish case is completely unique in this respect. While over the last few years, the minimum salary has fluctuated around 52% of the median salary (a level similar to that observed in Germany), in 2020, assuming the current growth dynamics of the median salary, it will reach 55%. On the other hand, if the promise to raise the minimum wage to PLN 4,000 by 2023 is fulfilled, it will reach at least 65% of the median wage. In view of the above, we have reasonable doubts as to whether it is the right move to establish top-down mechanisms to artificially stimulate the already existing wage convergence.

Ultimately, our doubts also apply to a much broader issue, i.e. the implementation of the European Pillar of Social Rights as such. Pursuant to the provisions of the Treaty on the Functioning of the European Union, social policy is one of the competences shared between the European Union and member states, with the EU institutions being able to influence only the areas clearly indicated by the Treaty. We consider the Pillar to be a soft document setting out, in an unspecified and imprecise way, the directions for the development of social policies in individual member states. However, we strongly oppose taking advantage of the Pillar to take legislative initiatives aimed at uniquely harmonising social policy standards in all member states. The consensus on universal, generally accepted assumptions does not mean delegating to the institutions of the European Union of the competence to introduce uniform indicators for the EU regarding remuneration, retirement benefits, health care or social insurance. From the point of view of socio-economic diversity within the EU, such action would be unacceptable. The European Pillar of Social Rights is a relatively young document, adopted only in 2017, and it has already been used to justify at least one legislative initiative, i.e. the revision of the Posted Workers Directive, which several

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member states opposed strongly. If the discussion about the introduction of common regulations concerning minimum wage can be treated as another element of the implementation of the Pillar, then the implementation of its successive provisions under subsequent legislative procedures seems to be a significant threat to economic balance within the European Union, which may have a serious negative impact on the functioning of the common market.

Considering all of the above, the Union of Entrepreneurs and Employers negatively assesses the initiative aiming to introduce uniform rules for the European Union for determining the amount of the minimum remuneration for work. We are in favour of leaving competences in this very area at the sole discretion of individual member states.

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