

Economic and Monetary Union – Deepening and Convergence - the role of labour mobility

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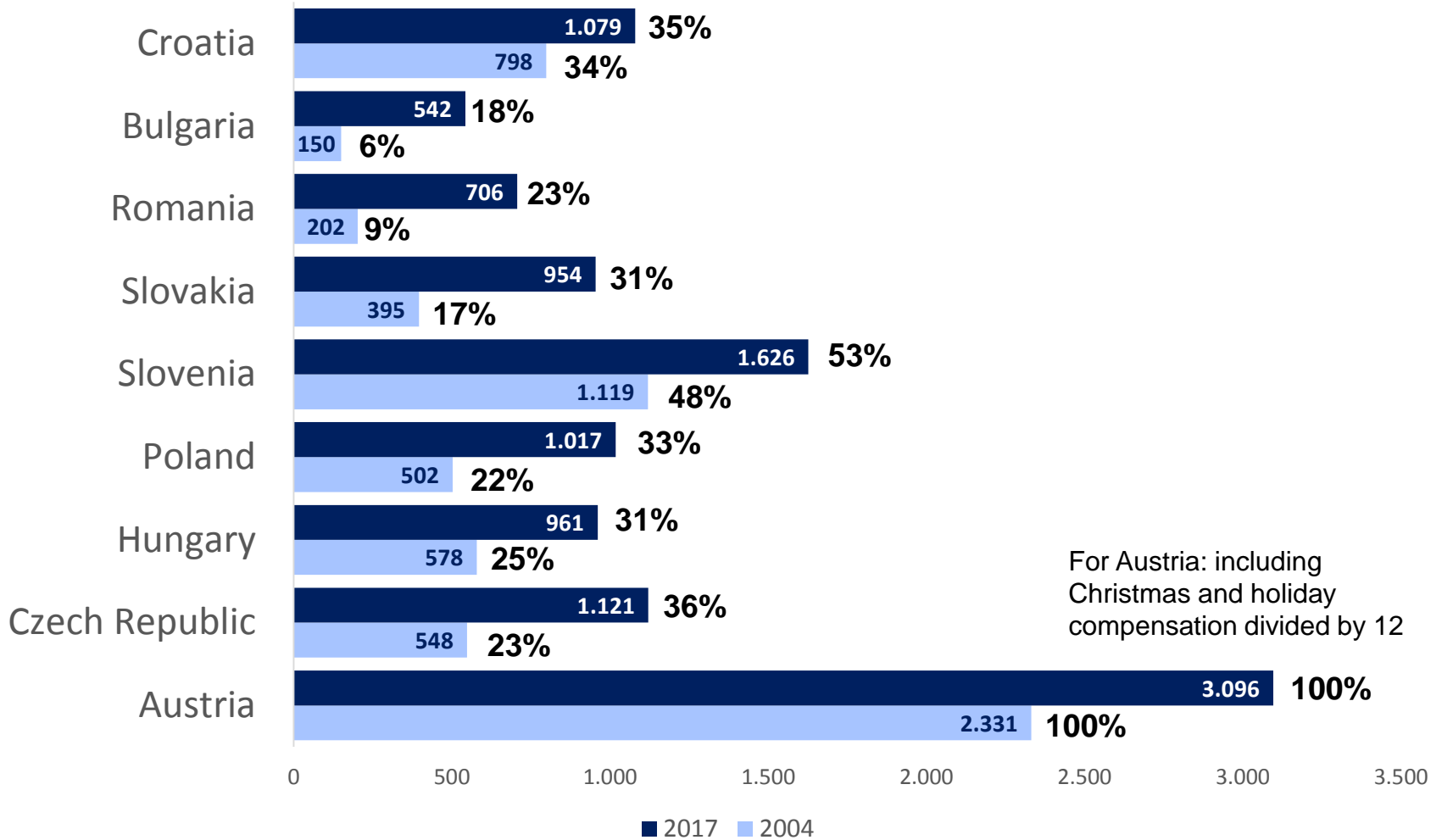
Raiffeisenlandesbank Oberösterreich, Europaplatz 1a, Linz
on July 5 and 6, 2018



Demographic trends

in millions	Population size 2015	Projected size 2050
Slovenia	2.1	2.0
Croatia	4.2	3.3
Slovakia	5.4	4.7
Bulgaria	7.2	5.4
Hungary	9.9	8.6
Austria	8.6	10.5
Czech Republic	10.5	11.1
Romania	19.9	16.2
EU-28	506.3	539.8

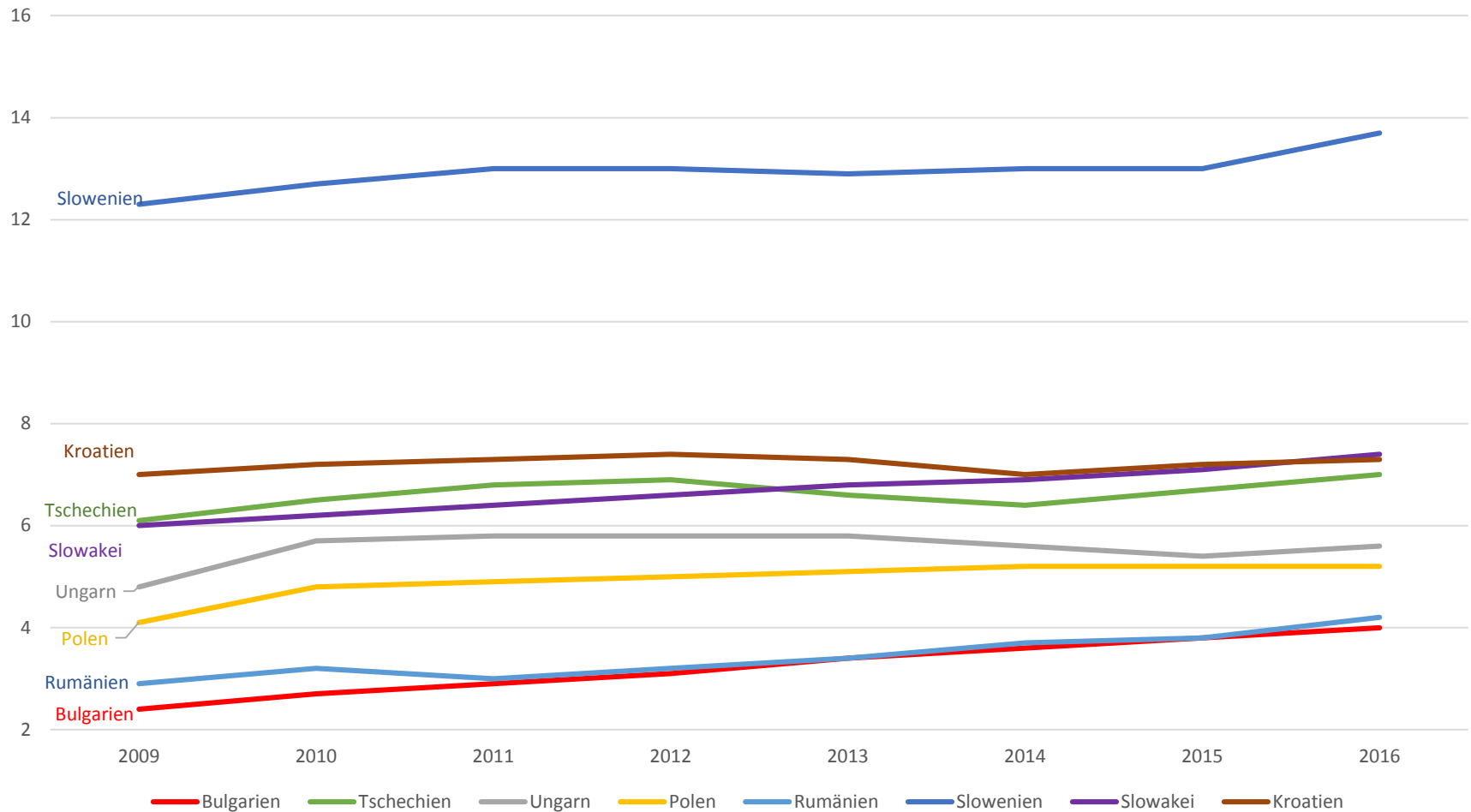
Wage developments 2004 - 2017



3/11.07.2018

at exchange rates in euros

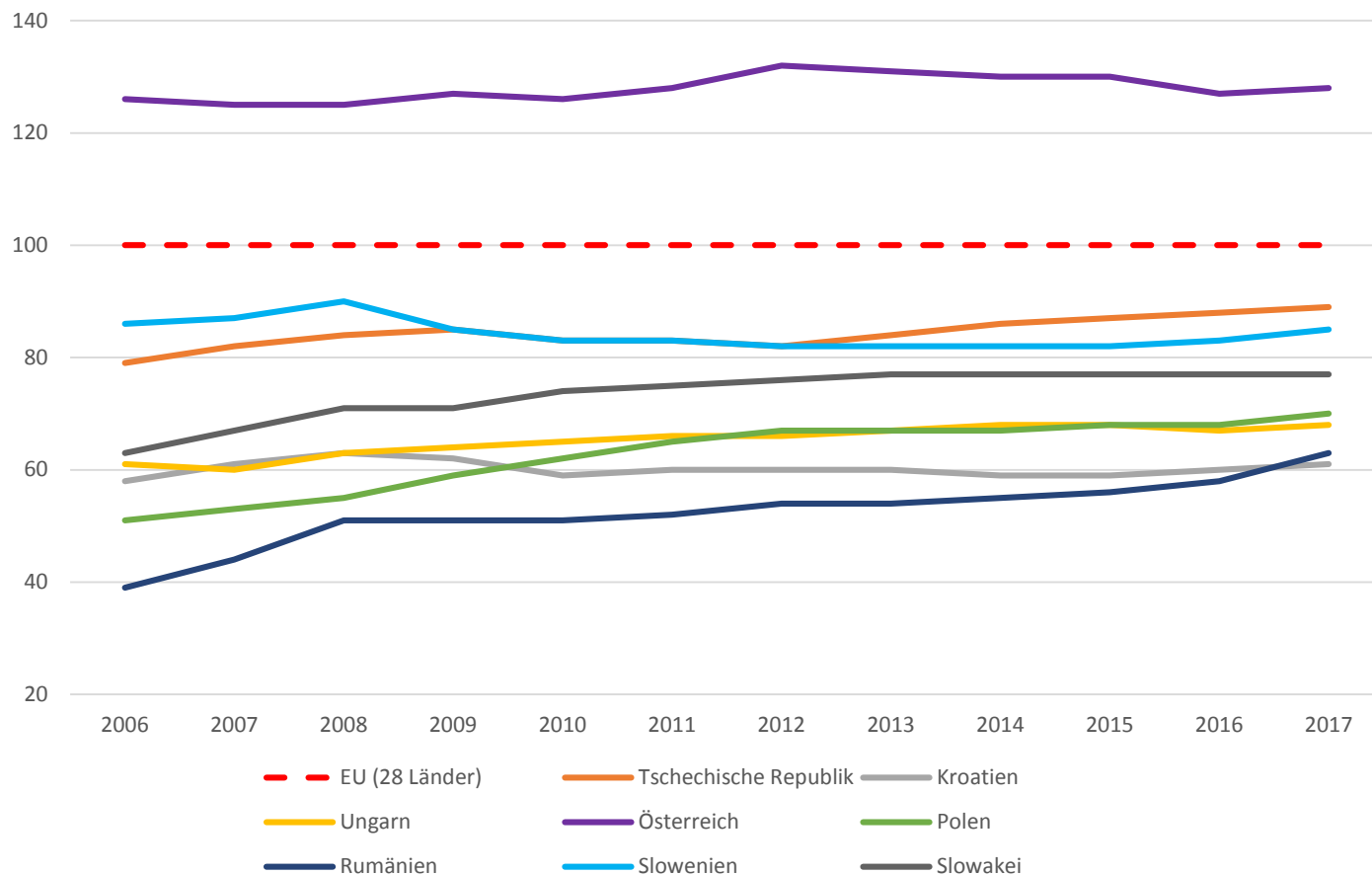
Average wage per hour 2009 - 2016



4/11.07.2018

GSP per capita 2006 – 2017

at purchasing power parity in relation to EU average



5/11.07.2018

Income from state aid for one-person households

	Unemployment assistance						Unemployment assistance, housing allowance & social assistance					
	<u>Duration of unemployment</u>						<u>Duration of unemployment</u>					
	2 months		7 months		13 months		2 months		7 months		13 months	
	2008	2016	2008	2016	2008	2016	2008	2016	2008	2016	2008	2016
Bulgaria	47	77	47	77	6	0	47	77	47	77	15	10
Croatia	-	75	-	37	-	37	-	75	-	37	-	37
Poland	29	30	29	24	0	0	45	46	45	41	24	23
Romania	43	31	43	31	0	0	43	31	43	31	8	7
Slovakia	65	65	0	0	0	0	65	65	19	17	19	17
Slovenia	64	66	64	66	0	0	64	66	64	66	33	35
Czech Republic	50	65	0	0	0	0	53	72	30	37	30	37
Hungary	59	45	31	0	0	0	59	45	33	12	24	12
Austria	55	55	55	55	51	51	55	55	55	55	51	51
Germany	60	59	60	59	26	17	60	59	60	59	44	30

6/11.07.2018

Coverage rate through collective agreements

	2000	2008	2013
Bulgaria	40	35	29
Croatia	-	60	53
Poland	25	16	15
Romania	98	98	35
Slovakia	51	40	25
Slovenia	100	92	65
Czech Republic	48	50	47
Hungary	37	37	23
Austria	98	98	98
Germany	68	61	58
France	98	98	98
Great Britain	36	34	30
Greece	90	88	59
Italy	80	80	80
Portugal	79	84	72
Spain	85	81	80

The important macroeconomic stabilization functions of labor market institutions are lacking!

Challenges and implications in the EU-CEE-8

1. Emigration contributed to the decrease in unemployment. In the long run => lack of qualified workers => negative impact on investments.
2. The export industries of EU-CEE-8 are mainly upstream of production in Western Europe. => **Danger for the catching-up process.**

Co-ordinated economic and social policy, industrial policy, labour market policy, infrastructure, increased public spending?

Development of employment 2008 - 2014

	Österreich		Wien	
employed nationals	- 36.894	- 1,2 %	- 21.327	- 3,4 %
employed foreigners	+ 151.666	+ 34,7 %	+ 46.147	+ 32,4 %
from EU member states	+ 145.873	+ 78,4 %	+ 43.100	+ 92,1 %
<i>of which</i>				
Hungary	+ 43.913	+ 206,5 %	+ 8.882	+ 245,7 %
Slovakia	+ 16.300	+ 184,6 %	+ 5.937	+ 211,4 %
Slovenia	+ 9.373	+ 161,8 %	+ 662	+ 180,4 %
Romania	+ 17.629	+ 116,9 %	+ 5.102	+ 134,9 %
Bulgaria	+ 4.282	+ 157,2 %	+ 2.329	+ 167,6 %
Poland	+ 15.294	+ 95,9 %	+ 8.280	+ 103,0 %
Germany	+ 16.616	+ 22,8 %	+ 5.546	+ 38,2 %

9/11.07.2018

Wage dumping on construction sites in Austria

Suspected cases during inspections in 2017, the first half of the year

3,075 construction site inspections by the Construction Workers' Annual Leave and Severance Pay Fund - BUAk



	Companies located in Austria	Companies located abroad
Inspected companies	3.365	816
Suspected cases	40	360
	1,2 %	44 %

Inspected workers	12.371	3.706
Suspected cases	115	1.518
	0,9 %	41 %

Social and economic challenges

Increase in unemployment - still a record high

Added value and income from taxes and duties are lost in Austria (study by Prof. Schneider, University of Linz):

Size of the shadow economy (social fraud) in 2013 nearly 20 billion euros in Austria

=> Austrian economic performance: ~370 billion euros

- Tax and social security contributions losses: 2.5 billion euros
- Tax evasion: 1.8 billion euros

The costs (for example unemployment) have to be covered by the general public.

Social and economic challenges

- Wage and social dumping must not lead to unfair competitive conditions leading to disadvantages for workers and honest companies.
- **Posted Workers Directive**: positive step towards fair labour in the EU but still further improvements necessary.
- **EU Enforcement Directive** but is not yet implemented by all member countries. => Penalties amounting to millions can not be enforced.
- National laws and controls
 - e.g. Wage and Social Dumping Act

Equal pay for equal work on the same place of work

Open issues

- Posted workers remain in the social security system of their home country for 18 months.
- 70% of the postings are shorter than 90 days.
- The higher wages earned during the posting period should be used as the base to calculate the social security contribution.
- Measures against chain posting, such as minimum employment period in the home country.
- No separate legislation for the transport sector.

Social and economic challenges

- Increasing demand for housing (changes in regional planning legislation?).
- The required infrastructure in the growing areas is in many cases not yet available. => Decisions on the infrastructure (new homes and workplaces, mobility with future technology, energy, water, supply, etc.).
- Budgetary questions e.g. Financial compensation (agricultural regions against urban areas)

Thank you very much for your attention!

