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A COMMENTARY ON THE ARTUS-CEE FINDINGS

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This report is one of a series of Western expert commentaries on research findings about the visions of the Europeanisation of industrial relations which trade unions from Central and Eastern Europe have, particularly in regard to building common EU-level standards. The research was carried out in Bulgaria, Lithuania, Poland, Romania, Slovakia and Slovenia, as part of the project titled ARTUS CEE 'Articulation of the Trade Unions' - Strategies on upward convergence of social standards in the enlarged European Union – voices of CEE countries' (VS/2019/0070), which was led by the Institute of Public Affairs (Warsaw). The other partners were the Central European Labour Studies Institute (Bratislava), the Centre for Economic Development (Sofia), the Lithuanian Social Research Centre (Vilnius), the Institute of Public Policy (Bucharest), and the Faculty of Social Sciences at the University of Ljubljana.

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Introduction

This note considers the way the European trade union movements have tackled what is perceived as an unsatisfactory pace of upward convergence in social standards in the enlarged European Union. This, in particular, concerns the wage gap between the East and West of Europe (cf. Drahokoupil and Piasna, 2018). The ARTUS-CEE project identified the following responses to tackle the challenge: the European minimum wage (EMW), the transnational collective agreements (TCAs), cross-border trade union cooperation to strengthen national bargaining, the regulation of posted workers, the use of the European social dialogue to build common standards, and the European pillar of social rights (EPSR).

These issues are also taken as case studies of the conflict lines with the European trade union movement. The project thus analyses perspectives of the trade unions from Central and Eastern Europe (CEE) on the above issues, to test the hypothesis that the key cleavage in the trade union movement exists between the old and new Member States -- that is, between Eastern and Western Europe. More specifically, while unions from the old EU Member States wish to use the European level to defend their existing national standards, trade unions from CEE have nothing to defend and look for solutions at the EU level in order to raise standards at the national level (Adamczyk, 2018). Thus the project collected trade union opinions on the issues of the protectionism/isolationism of Western trade unions, too.

The underlying rationale of the project is to investigate in more detail the claims about the 'two worlds' within the European Trade Union Confederation (ETUC), as developed in Sławomir Adamczyk's seminal article. My contribution will focus on Adamczyk's claims regarding the nature of the East-West divide and on the policy challenges faced by the European trade union movement. In particular, it considers wage coordination at the European level and the EMW. The politics of these key policy issues reveal cross-cutting cleavages in the European trade movement that cut across the East-West divide. The discussion of these policies also highlights the limits in relying on European standards to address the challenges of industrial relations, which are in fact common to trade unions on both sides of the former Iron Curtain.

The issue of divides within the trade union movement are interesting, in my opinion, because of the specificity of trade union leaders, who may be considered among the most Europeanised political actors operating at both the national and European levels. It is difficult to provide hard evidence to back this claim; however, it should be noted that trade union leaders are in regular personal contact with their colleagues over long periods of time. While being firmly rooted in their national politics, they still take part in regular meetings at the European level, where they need to agree upon common positions in discussions with their colleagues from other EU Member States. In contrast to political leaders, they cannot rely on specialised departments within the state administration to represent them during most of the negotiation process. They have also typically taken part in a number of European trainings and conferences with their colleagues from other countries. The sustained exposure to (and engagement with) perspectives from their counterparts from other EU countries does not unite the trade union leaders or increase their solidarity, though they do tend to gain a unique level of familiarity with (if not an understanding of) the positions of their colleagues. This makes their perspective unique, in my experience, even in comparison to those of the MEPs.

The East-West division: Have we moved beyond it?

There are, without a doubt, issues that make the East-West division salient, and the trade union movement is no exception. These include, as discussed in a balanced manner by Adamczyk (2018), access for workers from the new Member States to labour markets in the West, the liberalisation of services, the restructuring and relocation of production, and the posting of workers. They are all linked to differences in wage levels. More precisely, within trade unions, they are linked to the question as to whether, or under what conditions, it is in the interest of workers to compete on the common European market through low costs. They also relate to the question of defending existing national standards. However, the latter is intertwined with a more general issue of needing to protect the regulatory capacity of national governments, in the context of the asymmetrical shape of European integration.[1] Regulatory capacity is particularly salient among those countries that implement higher standards, but it is in the interest of workers, generally speaking.

1 In the EU, economic freedoms to operate on the common European market are enforced at the EU level, while the regulation of labour markets is primarily a national competence.

At this stage, it should be noted that the key divisive issues are no longer on the agenda. Access to workers is a *fait accompli*; transition periods have long since expired. The wave of relocations triggered by the EU enlargement had peaked even before the crisis of 2008 (Eurofound, 2013). The Bolkenstein Directive, establishing a single market for services, was adopted in 2006 in an amended version that did not include the 'country of origin' principle. The ETUC commitment to fight 'delocalisation', opposed by CEE trade unions, was last featured in the manifesto adopted at the ETUC Congress in Seville, in 2007. The revised Posting of Workers Directive, introducing 'equal pay for equal work', was proposed in 2016 and adopted in 2018.

Moreover, the reactions within the ETUC to the Bolkenstein and the Posting of Workers directives suggest a need to make some qualifications regarding the nature of the East-West divide. While trade unions from the CEEs were initially inclined to support the Bolkenstein Directive in its original version (as it was thought to improve the possibilities of service providers based in CEE countries to compete on Western markets), they eventually backed the ETUC opposition to the 'country of origin' principle (cf. Adamczyk, 2018: 7). They thus demonstrated the ability to balance the short-term gains with the long-term interest of protecting the regulatory capability for the Member States on the internal market.

The Posting of Workers then highlighted the diversity within the CEE group, with some trade unions opposing the positions of their national governments (including those in Poland, Slovakia, Czechia, and Romania), while others backed it up (notably those in Hungary and Bulgaria). As indicated in the opinions collected by the ARTUS-CEE project, many trade unions from CEE find competition through labour cost not to be in their interest, at least in this context. The reasons provided included the desirability of the 'equal pay for equal work' principle (in one country, one should add) as well as the need to press employers to compete through other factors than wage costs.

As the agenda shifted, the division between lower and higher wage countries -- hence the East-West cleavage -- is now less salient in the ETUC. Given the generally lower level of social standards in the CEE Member States, the East-West cleavage often maps the divide between those who pursue EU-level policies to protect national-level achievements, and those who strive toward EU-level policies in order to lift up national social standards. This is an important line of division, but it is not useful to associate it with the former Iron

Curtain. As mentioned above, trade unions in CEE do often see the need for EU-level policies to protect regulatory autonomy at the national level. Moreover, and perhaps more importantly, the dividing line is best understood as not geographically fixed, and one which is modified on a per-issue basis.

The somewhat limited extent to which the East-West cleavage shapes European trade union politics is reflected in the responses from trade unions to the question of protectionism/isolationism by Western unions collected in the ARTUS-CEE project. The views differ, with some trade unions noting multiple cleavages. The dividing lines include the relative role of collective bargaining and that of state regulation in home-country industrial relations systems (primarily the divide between the North vs. the rest), types of economic growth (North+West vs. South), and that of trade union strength.

One dimension of the division on the role of the EU in relation to national standards is that of the desirability of addressing the wage gaps -- and the issue of upward convergence, more broadly speaking -- through the EU-level policy. The argument that European policy should not interfere in wage setting has a long pedigree in the ETUC. It can refer to Article 153 of the Treaty on the Functioning of the European Union (TFEU).[2] At the same time, wage policy has long been discussed in the context of European social dialogue (Lapeyre, 2018). In any case, the issue of wage convergence is now firmly on the agenda of the ETUC. It reached prominence in 2017-2018 when the Confederation ran a Europe-wide campaign for a pay rise. The shift reflects the role that the European institutions were playing while managing the crisis from 2008: intervening in wage setting and undermining (if not dismantling) institutions of collective bargaining. The intervention in wage setting institutions was most direct in the 'programme countries' in Southern Europe, but it also affected Eastern European countries, most notably Romania. The ETUC campaign followed the more active approach of trade unions from CEE, both at the European level and in their own countries. Most notably, the Czech confederation ČMKOS ran an 'end to cheap labour' campaign from 2015. This gave the topic and Czech unions national prominence (see Myant and Drahokoupil, 2017). It was adopted in Slovakia and widely noted elsewhere in the region, as well as within the ETUC.

2 According to Article 153 TFEU, the Union shall support and complement Member States' activities in the field of, inter alia, working conditions, social security, and social protection of workers, but the provisions of Article 153 do not apply to pay.

Wages remained a prominent part of the EU agenda once the crisis had abated. Moreover, the dominant narrative in which the wage question had been framed underwent change, with the sluggish wage growth experienced in a number of countries being recognised as a problem. As well, the European Commission started to discuss the issue of wages in the context of a commitment to the pursuit of upward convergence in the EU. Most tangibly, in 2017, the European Pillar of Social Rights (EPSR) was launched by the Juncker Commission. The Commission presented it as a 'compass for a renewed process of upward convergence towards better working and living conditions in Europe'.[3] The EPSR included the EMW as the policy instrument in the wage area. The EMW was taken as a flagship policy by the von der Leyen Commission, which launched a consultation of social partners under Article 154 of TFEU, on introducing an EMW in 2019 (the first draft of which was published in October 2020).

In the following sections, I will consider what role the EMW and other forms of wage coordination can play in relation to the goal of supporting the process of upward convergence. It is argued that the reactions of European trade unions to the EMW proposal demonstrate the actual role of the East-West divide.

Addressing the wage gap: From wage coordination to transnational collective bargaining

Wage settings, in principle, remain firmly within the competence of the Member States. However, while Article 153 para. 5 TFEU explicitly excludes wages from social Acquis, EU law in fact intervenes directly into wage setting in a number of areas. These relate to the equal treatment of migrant workers, the ban on gender pay discrimination (equal pay, Art 157 TFEU), and the specific provisions on posted workers. However, in practice, there have been few signs of cross border wage setting in the EU.

Yet, the absence of wage coordination in the single market, and the European Monetary Union (EMU) in particular, has been seen as a problem by many economists. It was already being argued in the 1990s that a coherent institutional architecture for the single market and the EMU would require wage coordination across EU by social partners (e.g., interventions by Kaldor, Laski, and Flassbeck). By making economies closely interconnected, a single market

3 http://europa.eu/rapid/press-release_IP-17-1007_en.htm.

co-determines the conditions of national wage setting. In a monetary union, wage, profit, and price trends spill over to other economies. In the absence of the exchange rate adjustment, wage restraint in one Member State (i.e., wage growth below productivity increase) can depress demand in other Member States.

However, it was only in the context of managing the balance of payment crisis after 2008 that the EU started to pursue cross-border wage coordination, intervening in wage setting directly in the 'programme countries' in Southern Europe, and also less directly in other Member States, including those in Eastern Europe (most notably in Romania). The Euro Area, in particular, saw massive increases in imbalances in current accounts, threatening the stability of the currency union and leading to financial crises in Member States, even those with their own currencies and financing needs. Attempting to correct the imbalances, European institutions put pressure on wage setting in deficit countries. The Annual Growth Survey (AGS) in 2011 thus argued that deficit countries 'need to tackle their lack of competitiveness with greater urgency' through 'strict and sustained wage moderation' and 'revision of indexation systems in bargaining systems'. There was some pressure on surplus countries: 'where domestic demand subdued … appropriate policies should be in place'. More specifically, the EU pressed for decentralised bargaining, de(re)-indexation of wages, reduced coverage of bargaining, and administrative reductions in minimum wages (as evident in the subsequent Country Specific Recommendations). However, it was only in the countries receiving financial support that the corrections could be enforced. These were primarily the 'programme countries' in Southern Europe. At the same time, pressure could be exerted on countries in Eastern Europe that did not belong to the EMU but were dependent on assistance from the IMF. In such a context -- and following pressure from the Commission -- Romania dismantled its system of collective bargaining.[4]

4 Romania, which had been receiving EU and IMF assistance since 2009, effectively dismantled national- and industry-level collective bargaining institutions in 2011 that had provided the reference point for bargaining at lower levels. The subsequent Romanian government, with support from all trade union confederations and employer associations, proposed to reverse the previous reforms in 2012. The European Commission and IMF indicated their displeasure with these proposals, strongly urging 'the authorities to limit any amendments to Law [on labour relations] to revisions necessary to bring the law into compliance with core ILO conventions'. However, their recommendations still included points identified by the ILO as being in violation of the convention, notably the provision that national collective agreements 'do not contain elements related to wages', limits on the protection of trade union representatives against discrimination in companies, and maintaining provisions 'intended to avoid the proliferation of strikes'. The Romanian government eventually decided not to pursue the amendments it had been proposing.

As the fire-fighting subsided, the policy debate had moved, and positions were reconsidered -- also those within the EU institutions. In fact, the absence of wage growth and the related decline in wages started to be seen as a problem for sustaining economic demand in the EU. The AGS in 2018 thus focused on the decline in wage share and absence of 'wage inflation'. It argued that 'growth in real wages … is crucial to reduce inequalities'. A 'more dynamic wage development … would support … economic expansion.' The 2018 Country Reports then observed that recent wage increases had helped economic expansion and that the minimum wage increases did not lead to job losses for lower skilled workers (Portugal).[5] The CSRs for Germany lamented that the bargaining coverage was too low, and found the extension of collective agreements 'too slow'. It also noted that minimum wages did not lead to job losses. A similar perspective was taken in the 2019 edition of CSRs.

Current proposals on wage coordination thus aim at stopping, or reversing, the decline in the wage share (see Blanchard and Giavazzi, 2001; Vandenbroucke, 2015). Accordingly, the wage growth should be a function of productivity adjusted for (target) inflation, possibly with a correction for countries characterised by macroeconomic imbalances (i.e., a current account deficit or a surplus). Workers in CEE would benefit from coordination harmonising the wage share, as the CEE countries are generally characterised by lower wage share than Western European countries. Respective wage adjustment would thus somewhat narrow the wage gap. However, they would not benefit from a standard formula based on changes in productivity. The wage adjustment that the latter implies may not in fact be particularly helpful to the aim of East-West convergence. In fact, the formula calls for most dynamic wage increases in Germany, the key surplus country where wage growth lagged behind productivity. In contrast, CEE countries are not typically characterised by wage growth lagging behind productivity increases. On the contrary, recent years have seen wages significantly overgrowing productivity increases.

Thus wage coordination in the E(M)U may even lead to divergence in wage levels between Eastern and Western Europe -- Germany in particular. However, many trade unions in CEE are less interested in what is still a rather abstract macro-economic debate on wage coordination between countries. Instead, trade unions, particularly those operating in integrated production networks with large multinationals, as in the case of the metal sector, would

5 It also included caveats on taking account of sectoral productivity trends.

often like to see wage bargaining take place at the level of the MNCs. This way, wage levels could be harmonised across the affiliates of MNCs, leveraging the bargaining power in the home countries to the benefit of all affiliates. This perspective is relatively strong among the trade unions in CEE, as the multinationals now represent the home of trade unions outside of the public sector.

Many find it disappointing that wages and local working conditions are outside of the merit of the European Works Councils (EWCs). In any case, as the EWCs represent an instrument of information and consultation, transnational collective agreements would be the relevant instrument for such transnational wage coordination. However, responses on TCAs by trade unions in this project indicate a number of limitations and practical difficulties for using TCAs, in general. Interestingly, the Slovak response recorded in the ARTUS-CEE project shows that some trade unions from CEE caution against TCAs undermining good collective agreements at the national level, hence taking a position that would be associated with the Western perspective.

Moreover, bargaining wages at the level of the MNCs would be problematic as a way to advance a broader wage convergence. Successful use of TCAs to lift wages in MNC affiliates would, in most cases, increase the wages of workers who already tend to benefit from a wage premium in CEE (see Gottvald et al., 2013). It could encourage subcontracting to avoid higher rates in TCAs, thus leading to higher wage inequality within CEE. Finally, if bargaining at the level of the MNC is seen as a way around trade union weakness in CEE affiliates, it could mean asking IG Metall to negotiate wages on behalf of Slovak workers -- to give an example *in extremis*. This does not seem politically viable and may undermine the legitimacy and power of trade unions in MNC affiliates.

Wage coordination at the EU level thus appears difficult to use as a tool to address the wage gap. Would the European minimum wage be more helpful?

The European minimum wage and the EPSR

The European minimum wage was introduced in the context of the EPSR, adopted by EU institutions in 2017 (see Rasnača, 2017). The non-binding pillar includes a right 'to fair wages that provide for a decent standard of living'. To that end, 'adequate minimum wages shall be ensured, in a way that provide for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. In-work poverty shall be prevented' (EPSR, 6b). The minimum wage represents an area where a regulatory initiative was expected, given the strong support for it in the von der Leyen Commission and from the French and German governments. The 2019 consultation did not propose a specific minimum wage threshold, but it considered alternatives in terms of a percentage of a relevant wage level (median or mean), as well as a benchmark for its adequacy in real price terms, through the use of a basket of goods and services.

Many trade unions, notably those in CEE, too, had long been pushing for a European minimum wage. It is a tool that CEE unions rely on in their countries. From the trade union perspective, it is an effective way of influencing (the lowest) wage levels in legalistic industrial relations systems, where the unions regulate employment in (tripartite) dialogue with the state, and/or through lobbying, rather than through collective bargaining. A European minimum wage would particularly help those countries where the national minimum wages are low. Countries with low minimum wages, relative to the average wage, include Czechia and Estonia in CEE, and Estonia and Germany among the Western European countries (see Müller and Schulten, 2020). In fact, in many CEE countries, notably in Bulgaria, Poland, and Slovakia, the minimum wage is high relative to average wages. Thus, the introduction of a European minimum wage would not necessarily narrow wage gaps. A higher minimum wage would significantly increase low wages in a few Eastern European countries, but it would also increase low wages in countries like Germany and Spain. An approach based on the basket of goods and services (real purchasing power) would be more relevant to narrowing the wage gaps, as the countries in CEE, along with those in Southern Europe, would need relatively higher minimum wages to sustain the same standard of living (Fabo and Belli, 2017). To summarise, a European minimum wage would lead to an upward convergence in social systems by introducing floors on low wages, but it would not be an effective tool to narrow the East-West wage gap. A floor defined in real price terms would narrow the differences in the lowest income segments, but experience has shown that the effect on higher income groups would be limited (Drahokoupil, 2016).

Given the above, it would be inappropriate to frame the discussion about support for a minimum wage as one of solidarity of Western countries with Eastern countries. In fact, one could argue that the Polish and Slovak support for the proposal is a sign of solidarity with low minimum wage countries such as Czechia and Germany. The main cleavage that eventually structured the discussion of the EWM proposal was found between countries that rely on statutory minimum wages and those where social partners set their wages autonomously, through collective bargaining (hence, these days, those of Northern Europe vs. the rest). Trade unions from CEE were indeed among the active supporters of the EMW, using the EU level to advance the social standards at home (as in Adamczyk, 2018). However, they could ally themselves with Western European trade unions and some of those would stand to benefit from the proposal to a greater extent than some trade unions in the East.

The eventual reply by the ETUC to the Consultation of Social Partners under Article 154 TFEU supported the introduction of the EMW at 60% of the national average wage, but only in countries that have a statutory minimum wage.[6] The response argued that the threshold should be benchmarked for its adequacy in real price terms. Importantly, the response strongly emphasised that the EMW alone is not sufficient to tackle low wages. Fair wages can be delivered only if EMW is accompanied by strong support for collective bargaining in all EU Member States. 'Any initiative on wages should also address the need to strengthen, promote and, where needed, protect autonomous collective bargaining in Europe, in order to foster upward wage convergence, and thus reinvigorate a sustained internal demand and growth' (p. 4).

The wording of the ETUC reply on EMW reflects a compromise, representative of the main division in this area. The call for supporting collective bargaining through EU intervention appeared less controversial. Trade unions from all regions thus could agree on support for or promotion of collective bargaining as long as this did not mean any statutory obligations.

6 https://www.etuc.org/sites/default/files/document/file/2020-02/ETUC%20REPLY%20to%20the%20First%20Phase%20Consultation%20of%20Social%20Partners%20under%20Article%20154%20TFEU%20on%20a%20possible%20action%20addressing%20the%20challenges%20related%20to%20fair%20minimum%20wages_0.pdf

In fact, given that the lowest levels of collective bargaining can be found among Eastern European Member States, it can be argued that an improvement on this front would be most relevant to tackling the wage gap between East and West.

The impossibility of finding wide support for statutory obligations disappointed many trade union organisations, not only in the CEE countries but across the continent. However, there are still reasons to be somewhat sceptical about the extent to which binding European obligations on minimum wage and collective bargaining can improve social standards in the absence of strong worker movements in the respective countries. Let us consider the example of the discussion of the EMW in Czechia and its neighbouring countries to illustrate the limits, if not contradictions, in the strategy of compensating for the weakness of social standards at the national level through EU standards. While many in Brussels see the EMW as something to show workers in poorer Member States that EU does good by them, the initial reaction to Macron's proposal for EMW was in fact broadly hostile. It was commonly interpreted as a protectionist policy, through which the West would defend its workers and companies at the expense of those in CEE. And herein lies the danger of introducing social standards from outside: institutions need domestic political backing to become viable. In the absence of such backing, imported institutions face the risk of being seen as going against the interests of the countries they are supposed to help, undermining the political position of those domestic forces that support it. It would thus be extremely unfortunate if the European minimum wage or any support for collective bargaining was approved in the European Council against the opposition of CEE Member States.

Conclusion: United by a common challenge?

The experience of EU enlargement lent the East-West cleavage an identity-defining role, also for trade unions as political actors. The policy choices regarding the market access for workers and companies from the new EU members were characterised by contradicting interests between the worker representatives from old and new Member States, making the East/West cleavage salient. The cleavage mapped well onto a division regarding the role of EU regulation, in relation to social standards. Trade unions from old Member States that were concerned that trade shocks would endanger their members' jobs perceived the threat stemming from the asymmetrical nature of EU integration, undermining social standards at the national level (EU treaties gave EU institutions competences to promote market freedoms while mostly leaving social regulation at the national level). In contrast, trade unions in new Member States, while eager to benefit from market access and investment from the West, were confronted with the yawning gap in living standards (wages) and struggled to find a place in a political environment hostile toward organised labour.

As the crisis from 2008 laid bare the multiple economic divides within the EU -- and the promise of market integration appeared ill equipped to tackle these challenges -- upward convergence has become part of the mainstream in EU policy making. Policy makers are willing to explicitly contemplate using direct intervention in wage setting, in pursuit of upward convergence. In this new context, the divide between those that take a defensive approach to EU integration and those who seek European solutions to further social standards on the national level remains relevant. However, the divide cuts across the East-West cleavage. The latter lost its salience, as the issues of market access had become obsolete. Moreover, it is now widely recognised by trade unions in CEE that protectionism (of sorts) is in their interest, given the asymmetrical nature of EU integration. They are thus prepared to restrict EU economic freedoms to guarantee regulatory autonomy at the national level.

In general, stronger trade unions are more likely to take a more defensive position to EU social policy and may prefer to act on their own at the European level, rather than seek a compromise through the ETUC. As well, a trade union stands to lose on any regulation that undercuts either existing national or local standards, or that limits the autonomy of social partners (where it exists in a meaningful form). In this context, Nordic countries often stand out, as they enjoy high levels of trade union coverage and strong collective bargaining systems, with the state playing a relatively marginal role in regulating employment relations. However, the actual geography of the cleavage that this divide gives rise to tends to be issue specific. In practice, every trade union within the ETUC first investigates the impact of any EU prospective intervention on their national system. Given the diversity of industrial relations systems, resistance to EU regulation may come from surprising places. What is more, the crisis of trade unionism and collective bargaining now characterises not only CEE countries, but most of the EU Member States (e.g., Vandaele, 2019).

It is definitely the case that the defensive approach to EU integration fails to address many challenges that the industrial relations systems in Europe face (as argued in Adamczyk, 2018). Strong EU level industrial institutions and social standards are indeed needed when economic life does not respect national borders, key political decisions are taken at the EU level, and economic freedoms are enshrined in the EU treaties. Moreover, it is desirable to use EU policies to promote collective bargaining at the national level. At the same time, it is less clear whether EU-level solutions are essential to tackle the crises in collective worker representation, which characterise most of the EU Member States. This problem is most relevant when it comes to the challenge of pursuing upward convergence in Eastern Europe. The elephant in the room, concerning the strategy of enhancing social standards through EU intervention, is the fact that the very survival of trade unionism is in question in most CEE countries (see Vandaele, 2019). The problem of European solutions is that they cannot compensate for the weakness, if not absence, of the labour movement. TCAs, for instance, can include some minimal standards on trade union recognition, but using them to narrow gaps in wages and social standards would require reasonable trade union strength across CEE. Even European minimum standards, such as the European minimum wage, require significant political support from CEE to be politically viable.

To address the trade union weakness in CEE, the EU can perhaps have a more relevant role by directly supporting trade unions and social dialogue institutions. Such support has been available since the run-up to the enlargement, but many -- myself included -- have been sceptical about its effectiveness (Drahokoupil and Myant, 2015). In this context, it is interesting to note that the trade unions interviewed in this project did find the existing EU support important and helpful. It can be assumed that EU support for trainings and networking has contributed considerably to the Europeanisation of trade union leaders discussed at the beginning. My suggestion, as far as the policy implications of this project are concerned, would be to focus on the role of direct support as well as that of cross-border cooperation, in order to strengthen national bargaining.

At the same time, it might be the case (as argued in Adamczyk, 2018) that the trade unions weakness in the East is related to the specific structural and institutional context of CEE capitalism: there are weak institutions of sectoral bargaining; employers tend to be non-cooperative and unorganised, and MNCs play a key economic role. However, relatively little can be achieved through

Europeanising basic industrial relations standards, as most CEE countries do in fact implement relatively favourable legal frameworks *de jure*, as far as worker protection and the right to organise are concerned. These standards are often not implemented *de facto* (Muszyński, 2020), because their enforcement in practice requires the presence of an active trade union. Support for sectoral bargaining, as demanded by the ETUC response to the consultation on the European minimum wage, could be helpful. The prominence of MNCs makes the European industrial relations institutions particularly relevant to CEE. Yet, it remains the case that these measures can only be viable if they find meaningful political support within CEE, too.

The policy challenges for upward convergence of social standards in the enlarged EU can thus be summarised under three points. First, the EMW and other policies on the current agenda should have a role, but expectations should be aligned with what they can deliver. To address the wage gap, support for the revitalisation of industrial relations institutions and that of collective bargaining seem crucial. Ultimately, the challenge is to steer a structural economic change to abandon the economic model based on cost competition, and develop innovation-driven growth (Galgóczi and Drahokoupil, 2017). Second, the East-West cleavage is now less salient, but trade unions often find it difficult to see beyond their partial interests, with the defensive concerns taking priority, dividing trade unions on an issue-by-issue basis. A common European project, a unifying narrative, remains to be developed in order to effectively strengthen the social dimension of the EU. Finally, the need for trade union revival is critical in CEE, but collective worker representation is in dire shape in most EU countries. As argued in Adamczyk's (2018) contribution, this challenge can hardly be tackled by imitating the industrial relations institutions as developed in Western Europe. In this respect, trade unions in Europe share the challenge of renewing and reinventing the ways of organising workers and representing their interests.

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