

Lessons learned for a European minimum wage campaign

by Stan De Spiegelaere and Ferdi De Ville

With the upcoming European elections, political parties on the left like the Party of European Socialists, the European Left and the European Green party are paying lip service to the call for a European minimum wage policy (European Green Party, 2010; European Left, 2014; PES, 2012). Such a policy would serve as a first step in the development of a more social Europe, enhance the legitimacy of the Union and could contribute to a wage-driven growth model for Europe. In this column we do not go into detail about the economic and social aspects of such a policy, but focus on the campaigning for a European minimum wage. A European minimum wage policy would mean a radical shift in the policy orientation of the Union and by consequence, the campaign for such a policy will be long and exhausting. Luckily, the European left can learn from two very recent and largely successful minimum wage campaigns in Europe: Germany and Switzerland. In Switzerland the campaign is still running while in Germany the current coalition is planning to implement a legal minimum wage in 2015.

Minimum wage campaigns in Switzerland and Germany

In both countries there is (up until now) no universal minimum wage. Strong union power, strong collective agreements and a tight labour market resulted in relatively high wages so that there was no pressing need for such a legally binding minimum wage. Collective bargaining did the trick. This nevertheless changed in recent years. Growth slowed down, unemployment figures rose, union power declined and the pressure on collective bargaining systems increased. Definitely in the female dominated service industries wages plummeted. Particularly in Germany, the government supported development of a low wage sector led to rising figures regarding in-work poverty. Since 2005, the percentage working poor in Germany rose from 4.8% to 7.2%, the largest increase from all European countries. Reluctantly, union organizations and parties on the left acknowledged that the old system of collectively agreed wage setting had its limits and decided to support pleas for the installation of a universal minimum wage.

In Switzerland it was the relatively young union UNIA that started campaigning for a minimum wage. In a first step they focused on increasing minimum wages through sectorial collective bargaining. As their demand went against the neo-

liberal economic consensus, they invested heavily in developing both an economic and ethical argument. Academic research showed first that a minimum wage would not lead to a social bloodbath or cause an economic downturn. On the ethical side, naming-and-shaming campaigns focused on particular companies paying indecent wages to their employees. Particularly the issue of the working poor in Switzerland became a pressing subject in the public opinion.

Oesch & Rieger (2006) showed that this campaign was relatively successful and led to an overall increase of wages in Switzerland through collective bargaining. Moreover, the campaign for a minimum wage managed to break the neoliberal consensus that all protection for employees was negative for economic development and contributed to a more positive image of the labour unions. Although the campaign was successful, its effects were temporary and low in sectors not covered by collective agreements. Accordingly, the Swiss union changed their strategy in 2009 and started campaigning for a universal minimum wage which is set by law and not by sectorial collective agreements. They collected the necessary signatures for a popular vote on a minimum wage that took place on the 18th of May. The proposal was rejected by a large majority of the votes. Further research should identify what went wrong in the campaign, but the vote itself contributed to a positive shift in the public debate.

In Germany, just as in Switzerland, the initiative for the minimum wage campaign came from an individual sector union. The NGG (*Gewerkschaft Nahrung-Genuss-Gaststätten*) opened the debate without waiting for a consensus in the DGB. After some hesitation, the larger service union Ver.di joined in and it was only after 6 years that the DGB congress decided to support this struggle for a universal minimum wage in Germany. Also here, the unions invested in the development of an economic argument on the necessity and feasibility of a national minimum wage. An extensive media campaign was launched using old and new media to make the slogan '*Kein Lohn unter 8.50 Euro pro Stunde*' omnipresent. Public campaigning and political lobbying resulted in

the adoption of the demand by the SPD and the inclusion of (some kind of) a minimum wage in the recent policy program of the CDU-SPD coalition. Also here, the campaign for a minimum wage managed to breach the neoliberal consensus on cutting costs and deregulating the labour market.

Lessons learned:

In the wake of the European elections, the European left can learn some essential lessons from these recent national campaigns. First of all, the importance of making a strong economic argument is evident. In the current ideological context, it is of central importance to make a strong case that a European minimum wage policy will not lead to a social bloodbath and will not affect economic growth and employment levels. In doing so, one needs to learn from existing experiences with minimum wages in the UK, calculate appropriate wage levels and estimate the impact on different countries and industries. The recent Eurofound study (2014) could serve as a basis for such an effort.

Next, these campaigning experiences teach us something about the absolute necessity of a European minimum wage policy. Although rather successful, the campaigns in Germany and Switzerland were long (very long) and time and resource consuming. In countries like Germany and Switzerland, labour unions are still sufficiently powerful to organize such lengthy campaigns. In most other European countries with a less powerful civil society and union organizations this is inconceivable. For these countries, only a pan-European alliance can create the necessary critical mass.

Third, the experiences of Germany and Switzerland show that a campaign for a European minimum wage can effectively serve as a first breach in the neo-liberal consensus on the European level. Both in Switzerland and Germany the overall consensus in the public debate was that the protection of employees and the raising of wages were bad for the national competitiveness and by consequence for the economy at large. Through the development of several economic and ethical arguments, this consensus was breached. This experience shows that the formulation of clear, concrete and well formulated demand, the neo-liberal consensus can effectively be broken.

Finally, labour unions play a central role in the campaigning in both countries. Minimum wages affect the core of the labour union interests and their mobilizing power should be used effectively to push forward this demand. Related to this, we observe that in both countries the initiative was taken by individual unions. They did not wait for a consensus in the labour movement, but constructed this consensus during the public campaigning. There is currently no consensus on the need for a European minimum wage in labour union

circles. Mostly the (strong) Nordic unions resist the idea of such a policy as they fear it will undermine their collective bargaining power. Given the missing consensus on this issue in the European Trade Union Confederation, this last lesson is of central importance to the partisans of a European minimum wage policy: *the slowest should not set the pace.*

Stan De Spiegelaere is a researcher at HIVA (research institute for work and society – KU Leuven) and a member of Poliargus, a Belgian progressive think tank.

Ferdi De Ville is a professor at the Centre for EU studies (UGent) and a member of Poliargus, a Belgian progressive think tank.

References

- Aumayr Pintar, C., Cabrita, J., Fernández Macías, E., & Vacas Soriano, C. (2014). Pay in Europe in the 21st century. Dublin, Ireland: Eurofound.
- European Green Party. (2010). Towards a social and Green EU 2020: from vulnerability to sustainability.
- European Left. (2014). Congress draft political document UNITE FOR A LEFT ALTERNATIVE IN EUROPE.
- Oesch, D., & Rieger, A. (2006). Minimum wage policy via collective bargaining: the Swiss trade unions' minimum wage campaign. In T. Schulten, R. Bispinck, & C. Schäfer (Eds.), *Minimum wages in Europe* (p. 375). Brussels: ETUI-REHS.
- PES. (2012). *A Pact for growth and jobs in Europe*. PES Declaration adopted by the PES leaders on 28 June.