

# **A common minimum wage for the EU in 2019: A first step towards a social union or a non-starter?**

Jakob Marquardt

s2006936

03.07.2019

Programme: Public Governance Across Borders

First supervisor: Dr. Minna van Gerven-Haanpää

Second supervisor: Prof. Dr. Oliver Treib

University of Twente, WWU Münster

17,402 words

## Abstract

This bachelor thesis deals with the discussion around the development of a common minimum wage in the EU. It starts by briefly presenting a short history of the EU's wage management policy in the past and going through the economic effects such a policy might have. Afterwards, it performs a qualitative analysis of policy plans on which key actors influence the chances the introduction of such a policy would have and how they shape the form it might take, based around a number of theories on European integration. In this, the thesis focuses on the influence of important national governments, supranational political elites and stakeholders from civil society, while paying particular attention to the party politics standing behind the observed developments. The paper concludes that while an attempt to implement a formal EU regulation on a common minimum wage would likely fail due to strong opposition to expand the EU's competencies on social policy in the treaties, there might be an opportunity to create an intergovernmental agreement between the member states outside of the EU framework.

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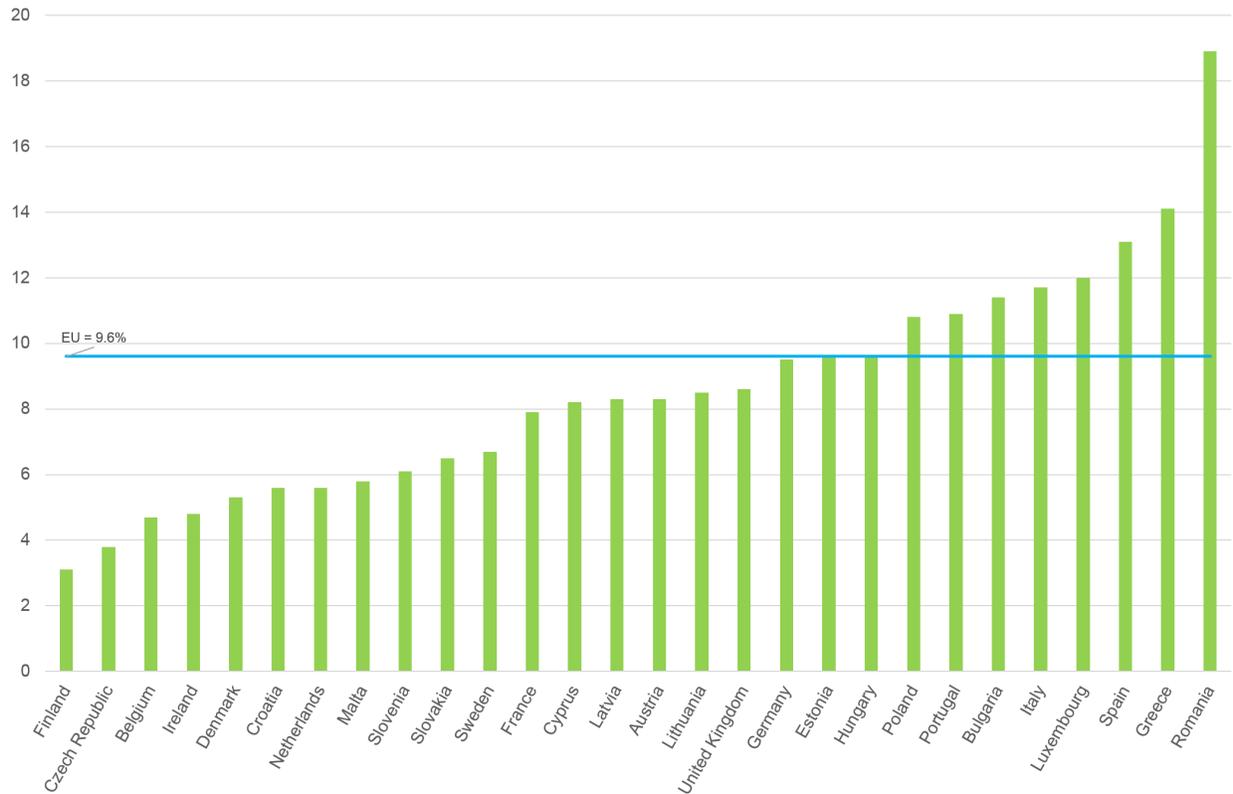
## 1. Introduction

As of the writing of this thesis, the European Union stands at a turning point. In the context of the 2019 elections for the European Parliament, the idea of an “ever closer Union” as it was first established in the Solemn Declaration on European Union (1983) is questioned by more and more parties in the member states and in the European Parliament. While the growth of anti-EU parties seems to have slowed down with these elections, the EU nonetheless faces a legitimacy crisis, as events such as the 2016 Brexit referendum clearly show.

At this crucial moment, the idea of a common minimum wage for the EU has come to the forefront of public debate. On a first glance, further integration and granting additional competencies to supranational bodies seems to be the exact opposite of what would be sensible in such a situation. However, working towards a more social union might help in reducing inequality across the continent and improve the views of many citizens towards the EU as they start seeing more personal benefits from their state’s membership, rather than just being governed by abstract institutions with seemingly no democratic oversight. Growing inequality has been a topic of major concern throughout the last decade, both within the academic world and in society at large. Large studies documenting the issues have made us painfully aware of the true extent of economic inequality both globally and within the European context (Piketty, 2014). This is especially true after the financial crisis of 2008 and the subsequent Eurocrisis, which led to great increases in both unemployment levels (Eurostat, 2019c) and the share of the working poor in the EU (Eurostat, 2019d). While unemployment levels have been falling back to pre-crisis levels in most member states outside of southern Europe (Eurostat, 2018), the share of low wage workers is still high throughout the continent. Again, there is a strong divide in the Union, with some countries in southern and eastern Europe having disproportionately high shares of low income-workers. Notable exceptions to this are Germany and Luxembourg, which have a relatively large share of low-income workers in spite of their otherwise strong economic situation (see fig. 1).

## In-work poverty in the EU Member States, 2016

(% of employed persons aged 18 or over)



ec.europa.eu/eurostat

Fig.1: Share of the working poor 2016

Source: Eurostat 2019d

In order to combat these issues of inequality and low legitimacy, the development of a social union has been brought forward by authors such as Vandenbroucke & Vanhercke (2014). Up to this point, most competencies in the field of social policy lie with the member states, and although the European pillar of social rights introduced in 2017 commits the EU to a range of social issues (European Commission 2019), its institutions still have only very limited options to take action.

One possible policy to start the way towards a more social union would be the development of a common minimum wage policy. Not only would this potentially help to reduce economic differences between the member states and increase citizens' trust in the union, it could also form a bridge between a social union and more typical EU competencies, such as those on economic policy.

The idea of a common minimum wage has already been floating around the political sphere for a number of years. Over a decade back, the outgoing president of the European Commission, the then Prime Minister of Luxembourg Jean-Claude Juncker, expressed his support for *“the creation of a European minimum wage”*, emphasizing that *“every working person should be entitled to a decent wage”* (Schulten & Watt, 2008). However, in recent years the idea has gained a lot more traction.

In 2014, Eurofound published a study on the potential implications of a common minimum wage of 60% of the median national wages across the EU (Eurofound, 2014), which has led to a deeper discussion of the topic, and soon after, the European Trade Union Confederation started presenting similar proposals.

Ahead of the 2019 European elections, the idea of a common minimum wage has once again received a large amount of public attention. This is to a large degree due to Emmanuel Macron’s push for deeper integration of the EU, including a common minimum wage (Macron, 2019) and the S&D’s adoption of the topic as one of the main points of their elections programme. However, in spite of receiving support from a lot of different actors, a common minimum wage has not become reality as of yet. This leads to the following research question:

1. *“What are the chances for a common minimum wage to be introduced at this point in time?”*

As well as two sub-questions:

2. *“Which key actors are opposed to the development of a common minimum wage in the EU?”*
3. *“What are the most important reasons for key actors to support/oppose a common minimum wage?”*

While minimum wages have received a lot of attention from economists, research dedicated to the topic from the view of a political scientist has been very limited so far. Therefore, we have a decent understanding of the potential economic impacts of a common minimum wage in the EU, but it is less clear why the introduction of such a piece of legislation has not happened so far. This thesis aims to fill this knowledge gap by putting the idea of a common minimum wage into

the broader context of European integration, and by analysing which actors have a stake in the topic. Finding out about the stances of different key actors and their reasons for these positions may allow for a better understanding of why minimum wage legislation has not yet been passed on an EU level. Furthermore, knowing the reasons why certain actors oppose the development of a common minimum wage may allow for measures alleviating those concerns to be taken, and may thus be helpful in the development of a common minimum wage policy in the future. Finally, a common minimum wage could be seen as a first step towards a “social union” with more competencies on social policies for the EU, and the issues faced here may be similar to those other policies in this field may face in the future, with a possibility to transfer the solutions found here.

The actors this thesis will look at are the national governments of Germany and France, member states without a national statutory minimum wage, member states with Eurosceptic governments, the European supranational institutions, the European Trade Union Confederation (ETUC) and BusinessEurope. The choice of actors will be explained in detail in a later section.

## 1.1 Wage management policy and the EU

While the EU had some influence on the development of wage policy in the past, it is mostly the member states who are responsible for this policy area. Article 153 of the Treaty on the functioning of the European Union assigns the EU supportive competencies in regards to, for example, workers health and safety and social security, however, pay is explicitly exempt (Consolidated version of the Treaty on the Functioning of the European Union, Art. 153, 2012). This means that any regulation or directive on a common minimum wage would likely require a change to this section of the treaties. However, in spite of this, supranational influence on wage policy has grown throughout the last three decades. This development began shortly after the founding of the EU in her current state with the adoption of the Maastricht Treaty in 1992. In 1993, the EU started producing Broad Economic Policy Guidelines (BEPGs), which, among other things, contain recommendations on wage development. For example:

*“In the BEPGs 2003-05, for example, there was a detailed guideline on wage developments that called for increases ‘that are consistent with price stability and productivity gains...[and] moderate in the context of a possible cyclical recovery in productivity or oil-price- hike- induced increases in inflation”*

(Deroose, Hodson & Kuhlman, 2005, p.6)

The relevance of these guidelines was further enhanced after the financial crisis. Since the adoption of the Stability and Growth Pact in 2011, the EU's recommendations have lost their voluntary character, as ignoring them would come with an increased risk of financial sanctions for member states (Eurofound, 2014).

At roughly the same time, the EU initiated the Macroeconomic Dialogue, a forum of discussion between European institutions, the member states and the so-called 'social partners'. These include among others the ETUC and BusinessEurope, both of which will be analysed in detail in this paper. Although this forum is informal, given the lack of interest in coordinating wage policy in some member states (Eurofound, 2014), it can nonetheless be seen as another step towards closer cooperation on these matters within the EU.

Another point where the European institutions influenced wage management policy in the member states was in the aftermath of the Eurocrisis. This influence consisted mainly of agreements between the so-called "Troika" consisting of the European Commission, the ECB, and the IMF, on the one hand, and national governments on the other. This process has been assessed in detail by Schulten & Müller (2012), who consider it a second channel of influence complementary to the BEPGs. Schulten & Müller state that this channel has been applied in six member states (Greece, Hungary, Ireland, Latvia, Portugal and Romania) and that it consists mainly of significant cuts and freezes to minimum wages as well as wages in the public sector. While these agreements were on paper voluntary, they were also preconditions for financial aid towards these struggling nations, which is why the authors feel justified to deem them "*imposed by the Troika*" (Schulten & Müller, 2012, p.188). The measures included in these agreements have been as far reaching as a 22% cut to the minimum wage in Greece in early 2012. While no similarly drastic measures have been taken by EU institutions since and the calls for austerity that had been dominant at the time have died down at least to some degree, these examples still show how much impact the EU can have on national wage legislation, even without any formal competencies in the treaties.

It can thus be said that, in spite of its specific exclusion in the treaties, the influence of EU institutions on wage levels in the EU has continuously increased in recent years. This has also been observed in other articles. For example, Schulten (2012) observes that EU institutions are

becoming increasingly active in influencing national wages and wage systems. This means that while a common minimum wage would require changes to the treaties, one could see it as only the continuation and codification of a development that started almost immediately after the Treaty of Maastricht. This is particularly interesting as this incremental progress towards deeper integration is well in line with some major integrationist theories, while others would have expected developments to follow different lines.

## 2. Theory

The development of a common minimum wage in the EU could be considered as a next step towards deeper European integration. Not only would the common minimum wage itself be a considerable step into this direction, but it could also be considered a first step towards a more comprehensive social union, with common unemployed benefits, social insurance systems and broad competencies for EU institutions in this policy area.

As such, the development of a common minimum wage should be discussed through the lens of different Theories on European integration. The main theories considered in this paper are the 'classic' theories of liberal intergovernmentalism and neofunctionalism. Afterwards, we will take a look at more contemporary theories, such as the theory of differentiated integration and postfunctionalism.

According to a liberal intergovernmentalist approach, one would expect further integration to occur if key member states see it as (economically) beneficial to them to take this step. In doing so, liberal intergovernmentalism follows "*general theories of international relations*" (Moravcsik, 1993), meaning that the key actors for this theory are the most powerful states involved. In the case of the EU, these would be France and Germany due to their large population and strong economies. Non-state actors such as supranational institutions are reduced to a minor role without any ability to push their own agendas, and while stakeholder groups are relevant to build opinions inside the nation-state, they would not be directly involved in negotiations at the international level. Applied to the case of the common minimum wage, intergovernmentalism suggests that minimum wage legislation could be introduced only if key governments see it as beneficial to their own national interest, and does not occur if one or more of these actors stand opposed to it.

Since the EU does not have a common minimum wage, an intergovernmentalist would expect that either the French or the German government do not see the policy as beneficial for their respective countries, and are thus preventing the policy's implementation. While France and Germany are the most influential member states, groups of other states might be relevant as well - such as the states without a statutory domestic minimum wage or those with a Eurosceptic government.

On the other side of the spectrum stands the theory of neofunctionalism. Neofunctionalism

argues that one can “locate the essential sources of the dynamism of integration in the EU’s organs and institutional configuration” (Sandholtz & Sweet, 2010) and a range of elite groups, as opposed to only the member states’ governments themselves. Therefore, integration would occur if it presents an opportunity to reap (economic) benefits or reduces negative externalities. This would then increase the benefits of further integrationist steps, resulting in a positive feedback loop called ‘spillover’ (Sandholtz & Sweet, 2010).

Just like liberal intergovernmentalism, neofunctionalism also considers national governments relevant actors, while also including the influence of the political elites in the European institutions as well as economic and societal elites in the form of stakeholder groups as key actors. This would mean that actors such as the president of the European Commission, the European Parliament and groups like ETUC and BusinessEurope should be able to influence member states’ governments towards their preferred positions or have a direct influence on decision making.

As neofunctionalism argues that “*virtually all successful theories of institutionalization rest on logics of positive feedback*” (Sandholtz & Sweet, 2010), in the case of the common minimum wage, such a positive feedback loop must be missing. Thus, a Neofunctionalist would expect that there is no functional necessity for introducing a common minimum wage. Additionally, all or at least some elite groups - national political elites, supranational political, or economic elites - do not see the implementation of such a policy in their interest and are thus slowing down further integration for now. As such, all groups included in the analysis are relevant for neofunctionalism, and their combined pressure would determine whether a policy could be enacted.

In their 2015 paper “*The European Union as a system of differentiated integration*” Schimmelfennig, Leuffen & Rittberger al. propose a different approach towards European integration. They argue that European integration has become more differentiated, containing both vertical and horizontal forms of differentiation. They explain this with two factors of integration: interdependence and politicisation, stating that “*vertical differentiation mainly results from variation in interdependence, whereas horizontal differentiation is triggered by politicization*” (Schimmelfennig, Leuffen & Rittberger, 2015, p.765). Furthermore, the authors argue that high interdependence is beneficial for further integration due to the same spillover mechanisms also encountered in Neofunctionalism. On the other hand, high politicisation slows the integration process due to increased awareness of a public that is generally more critical of integration than the political elite.

The theory of differentiated integration would thus explain the lack of a common minimum wage policy with a lack of interdependence in the policy area, in conjunction with a high politicisation in the past.

The final theory this paper considers is postfunctionalism, as proposed by Hooghe & Marks (2008). While postfunctionalism agrees that *“regional integration is triggered by a mismatch between efficiency and the existing structure of authority”* (Hooghe & Marks, 2008, p.2), this theory adds to this the role of public opinion and identity. The authors state that European integration has become a highly important issue for voting behaviour in the last three decades. Further, the authors agree with Schimmelfennig et al. that the general public will generally be less europhile than political elites (although this does not necessarily mean that the public is eurosceptic). Because of this, postfunctionalism states that party politics have become a lot more important for European integration and that further steps towards integration (or the lack thereof) can be attributed to a mix of party ideologies and public opinion (Hooghe & Marks, 2008).

Postfunctionalism would thus explain the lack of a common minimum wage with it not being in line with the ideology of major European parties and a lack of public support.

## 2.1 Economic Implications of minimum wages

While this thesis mostly focuses on the politics behind the potential introduction of a common minimum wage, the economic dimension cannot be disregarded, as it provides an essential baseline for understanding the arguments for and against the common minimum wage by different key actors. Because of this, this section will briefly assess the different contributions of economic theories to the topic, as well as current research findings on the effects of minimum wages in different countries and contexts.

The first theory will look at is (neo-)classical economic theory. Classical economic theory would see the introduction or increase of a minimum wage as an increase in the cost of labour, which should result in reduced demand for it. This means classic economic theory would expect any increase in minimum wage to result in an increase in unemployment, as people are being laid off due to increased labour costs. (Edwards & Gillman, 1999; Herr) (Herr, Kazandziska & Mahnkopf-Praprotnik, 2009, p.15ff). The classic theory has been highly important for EU policy-making, as can be seen in statements such as the following taken from a fact sheet by the

European Semester:

*“The effect of a minimum wage on jobs is ambiguous. If fixed too high, a minimum wage may negatively affect the employment of lower-paid and younger, less experienced workers, where costs can be driven above productivity levels.”* (European Semester 2017)

The classical theory is opposed by Keynesian economics. According to this theory, increased minimum wages will not lead to increased unemployment, but the increased costs for employers will be pushed on in the form of price increases instead. Accordingly, any increase in minimum wage beyond productivity increases should mainly drive up the inflation rate (Herr, Kazandziska & Mahnkopf-Praprotnik 2009, p.10ff).

When the classical theory struggled to explain that in reality no or only limited negative employment effects of minimum wages could be observed, additional new theories started emerging. First among these were Monopsony models, which adjust classical theory by stating that there are inherent market inefficiencies in the labour market, which wage increases (in this case through an increased minimum wage) can help reduce. Monopsony models basically state that the strong position of a company can depress wages under ‘the natural level of the market’ due to a lack of fluidity of labour and that this can be offset by the introduction of a minimum wage (Edwards & Gillman, 1999, p.20). This means that minimum wages can be introduced without increasing unemployment.

Another new theory is the efficiency wage theory, which is based on the assumption that higher wages can increase worker motivation and thus increase productivity and reduce shirking and the need for monitoring, which makes up for the increased costs (Bradley, 2007). While this theory is still criticised for being unable to explain many of the complexities of worker motivation, it can be considered a step forward from the classical theory.

It is also generally accepted that increasing minimum wages will also increase domestic consumption, as low-income workers are likely to spend most of their increased wages instead of saving it (e.g. Brecher & Gross, 2018).

The shift away from the classical theory can largely be explained by a number of studies looking

at the effects of minimum wages in differing contexts. Examples for this include papers by Kim and Jang (2019), Riley and Bondibene (2017), Fan et al. (2018) and Bodnar et al. (2018). These mostly come to the same conclusion, in that minimum wage increases have no negative employment effects, but may result in efficiency and productivity increases, as well as increased prices after such a policy shift. While none of these deal with the EU as a whole, there is little reason to assume why these findings should not be transferable, thus further putting the explanatory power of the classical theory into question.

## 2.2 Choice of key actors

The theories in European integration discussed above are presenting a range of key actors influencing decision making on an EU level. In order to test these theories, a range of organisations representing these three distinctive key groups of key actors will be analysed in this thesis: national governments, supranational institutions and stakeholder representatives.

National governments are considered relevant actors for all theories discussed here, and thus essential to any sort of analysis. Additionally, neofunctionalism and the theory of differentiated integration consider supranational political elites and societal elites to be relevant actors as well, necessitating the inclusion of supranational institutions and stakeholder representatives. Postfunctionalism considers party politics and public support of policies particularly relevant, which can be analysed through the supranational institutions and stakeholder representatives.

The national governments analysed in this thesis are those of Germany and France, as well as the member states without a domestic minimum wage as a group. France and Germany were selected as they are the most populous, and arguably the most powerful, member states of the EU. They are also often considered the “engine” of the EU and were in many cases able to drive integration forward when working together. Due to time and resource constraints of this bachelor thesis, this part of the analysis has been limited to the two most relevant countries, with only a brief overview of other governments with a particular interest in the topic. However, future research should most likely also include a more detailed, separate analysis of countries such as Italy, Poland and Sweden. Poland and Italy would balance out the selection of countries a bit more, as there is no country from eastern or southern Europe in the analysis of this paper. Additionally, both countries are currently governed by (right-wing) populist parties with eurosceptic views, which means a more detailed analysis might potentially add new arguments concerning different common minimum wage models. Adding a separate section of the analysis

on the Swedish government would mean including a country that does not currently have a statutory minimum wage, which may also mean different new arguments and insights. For the purposes of this paper, the views and arguments of these countries were summarised in the “member states without a national minimum wage” sections and in the “Identity and Democracy” subsection of the analysis.

The national governments will mostly be analysed through the parties they consist of, which is particularly important in order to be able to test the postfunctionalist theory. Their stances on a common minimum wage policy were largely determined through statements in party programmes, manifestos, public statements from leading members and, in the case of the German government, a coalition agreement.

In terms of supranational institutions, the analysis includes the European Commission and the European Parliament, as these two groups are the most relevant institutions for EU lawmaking, and are of a fully supranational nature. The third major institution of EU lawmaking, the Council, has been omitted, as it is largely intergovernmental and thus not relevant for an analysis of supranational European bodies. Other supranational European institutions, such as the ECB or the European Court of Justice, are not directly engaged with the legislative process and thus not relevant here either. Similar to the national governments, Commission and Parliament will largely be analysed through the parties their members are derived from, as well as through major figures in positions of power. The parliament is also the main forum where party politics can be analysed at a European level. Furthermore, including the parliament in the analysis has the added benefit of allowing the inclusion of smaller member states and party groups not included in the national government part of the analysis, such as Green parties and the Eurosceptics.

The last group of actors analysed are stakeholder representatives. This includes the ETUC and Businesseurope. The ETUC is the major representative of employees in the EU, whereas Businesseurope represents private firms. Together with the European Association of Craft, Small and Medium-sized Enterprises and the European Centre of Enterprises with Public Participation the ETUC and Businesseurope are also “the main cross-industry organisations representing social partners at EU level” (EUR-Lex, 2019). These two groups will be analysed in order to determine the interests of economic elites and workers. While the other two major social partner groups could have been included as well, they are mainly concerned with issues less relevant for this topic, which is why this paper has largely excluded them from the analysis.

### 2.3 Models for a common minimum wage

While not the main topic of this thesis, a brief discussion on different models of a common minimum wage is necessary to adequately understand the different arguments used by key actors in later sections of this thesis.

The easiest form a common minimum wage could take would be a uniform statutory minimum wage for the whole workforce in all member states of the EU. This is typically how minimum wages are implemented in nation states, albeit sometimes exempting specific groups. In this model, a minimum wage level is set by the central authority, and the same minimum wage level applies in the whole legislative area. An example of such a model is the minimum wage in Germany. The 'Mindestlohngesetz' (minimum wage law) states that:

*“Jede Arbeitnehmerin und jeder Arbeitnehmer hat Anspruch auf Zahlung eines Arbeitsentgelts mindestens in Höhe des Mindestlohns durch den Arbeitgeber.”* (§1.1 Mindestlohngesetz, 2014)

*“Every employee has a right to receive payment of a wage at least equal to the minimum wage by their employer”*

The law also sets a starting level for the minimum wage at the time of the adoption of the law, in this case 8,50€ per work hour and sets up a commission to change the minimum wage level in the future. (§1.2 Mindestlohngesetz, 2014)

While such a minimum wage model is the standard for nation states, its suitability for a supranational body such as the EU is less certain. The EU contains states with vastly different levels of economic development, ranging from a real GDP per capita of 80,800€ in Luxemburg to 6,500€ in Bulgaria (Eurostat, 2019b), which comes along with vast differences in living expenses between the member states. This means that a uniform minimum wage would either be unfeasibly high in some member states or far too low to have an actual impact in others, and thus likely not have the desired economic and social effects.

This has led to the development of different models taking these differences into account. One

of the most prominent ones was presented Eurofound's 2014 study "Pay in Europe in the 21st century". The study proposes a system where the EU sets a different minimum wage level in each member state, always at 60% of the respective member state's median wage (from here on: 'the 60% model'). This 60% margin is originally derived from the Council of Europe's definition of what a decent wage should be (Eurofound, 2014) and a minimum wage at this level should therefore greatly reduce the share of the working poor. While this system would take differences in economic development between the member states into account, Eurofound still sees that the adoption of such a piece of legislation would, nevertheless, have a considerable impact on some member states. The study analyses both the quantitative and the institutional impact of a 60% model, and concludes that the quantitative impact would be highest in many eastern European countries with currently relatively low levels of minimum wage, whereas the institutional impact would be highest in countries which currently rely on models of collective bargaining (see fig. 2). The study expects resistance to a common minimum wage to be highest in the latter group of countries, as they have had good experiences with their current institutional model and are thus unlikely to be willing to change it in favour of a different system (Eurofound, 2014). Additionally, Germany's position in fig.2 is exceptional as it is the only country where both a large institutional and quantitative impact would be expected. However, this is due to the graphic originally being created ahead of the implementation of Germany's current minimum wage legislation. By now, the institutional impact on Germany would be far lower, although the quantitative impact would likely remain high. The impact of this model would be lowest in France, where the current minimum wage is already around the 60% margin.

The size of the quantitative impact among countries with a statutory minimum wage can also be obtained using Eurofound data (see fig. 3), which largely confirms Eurofound's assumptions. Here, Portugal, France and Slovenia would experience little to no impact, as their current minimum wages are already above 60% of the median wage. On the other hand, Estonia would have to increase its minimum wage by almost 50%.

		Institutional impact:			
		High	Medium	Low	
Quantitative impact	High	DE	EE, PL, CY	LT, LV, RO, UK, IE	More than 15% of workers below the HMW threshold
	Medium	AT, IT, DK	BG, EL	HU, NL, CZ, LU, SI, ES, MT	Between 10 and 15% of workers below the threshold
	Low	FI, SE	BE, SK	PT, FR	Less than 10% of workers below the threshold
		Collectively agreed sectoral and occupational MW	Collectively agreed national minimum wages	Statutory national minimum wages	

Fig. 2: Institutional and quantitative impact of the 60% model

Source: Eurofound 2014

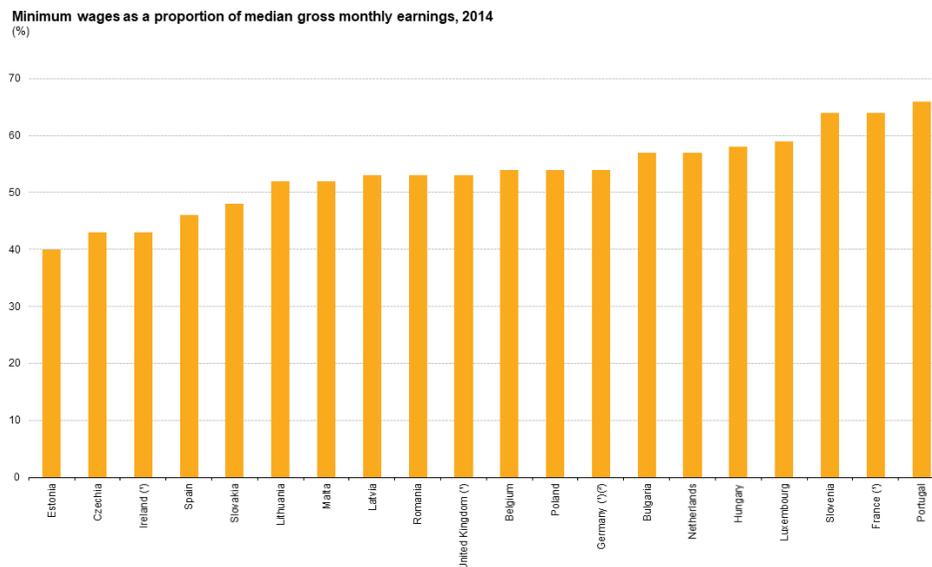


Fig. 3: Minimum wages as a proportion of median gross monthly earnings, 2014

Source: Eurostat (2019a)

Eurofound’s study also includes an in-depth analysis of the potential economic and social impacts of the 60% model:

*“the significance of the impact is diminished by the fact that in-work poverty is not a widespread phenomenon in Europe. Looking at poverty at the household level and expanding the focus to the general population, it could be seen that in fact, most poverty in Europe is related either to not working at all (most poor households having no wage-earner) or to the composition of the household rather than to the wage earned by*

*its members.*" (Eurofound, 2014, p. 144)

*"it seems very unlikely that an HMW [hypothetical EU minimum wage] policy setting a threshold of 60% of the national median wage would have any impact of significance on exports and international competitiveness."* (Eurofound, 2014, p. 147)

This means that Eurofound expects the 60% model to have no significant effects on poverty and competitiveness due to an overall low share of working poor in the EU who would benefit from such a policy and the low impact of increased employment costs on exporting businesses where potential negative economic effects could occur. This is remarkable, as the quantitative impacts would be very significant, at least in some of the member states. However, while not explicitly discussed in this part of the study, it can be expected that the 60% model would mean a greatly increased income for low-income households above the poverty line, especially in member states with currently low levels of minimum wage.

In the leadup to the 2019 Elections for the European Parliament, S&D has picked up on the idea of a common minimum wage as one of their leading proposals, and have started promoting the 60% model as their model of choice. The extent and effect of this will be discussed in more detail in the analysis part.

Two other, similar models for a common minimum wage have been suggested by the actors discussed in this thesis. One of them is setting the minimum wage at 50% of the median instead of 60%. This would drastically change the policy's effects, as a minimum wage of 50% of the median would not amount an increase in most member states (see fig. 3). Depending on the details of how this model would be implemented, this could mean different things. Should the common minimum wage overwrite national minimum wages, the 50% of the median model would amount to a reduction of minimum wages in most member states. Should member states retain the competence to set national minimum wages above the common minimum wage after its introduction, the 50% of the median model would only have a rather small impact. For the most part, it would force the member states with the lowest minimum wages to increase theirs, and would potentially help to avoid a downward spiral as a result of wage competition between member states.

The final model proposed by key actors is the 60% of the average model. This model aims to

set the common minimum wage as 60% of the average wage in a respective member state, instead of 60% of the median. This typically results in a higher minimum wage level, as the wage distribution tends to be quite bottom-heavy. As a result, this model is more ambitious than the “normal” 60% model and would have a larger impact in all member states.

In addition to these different minimum wage models, there are also different ways of how a common minimum wage could be implemented. The first option would be to introduce a common minimum wage regulation as part of the normal EU legislative process. As we will see, quite a few actors favour this option, however, it comes with a range of potential issues. As a piece of EU legislation, it would be binding for all member states, and as a result, it would likely be more difficult to include exceptions for member states not willing to take part in such a scheme. This is particularly problematic for the introduction of a common minimum wage if one considers this option’s other main issue: As discussed above, the treaties explicitly state that the EU has no competencies on wage legislation. This means that any common minimum wage introduced this way would have to come with changes to the treaties, which requires unanimity among member states.

Alternatively, a common minimum wage could be introduced via an intergovernmental agreement between the member states. While this option would mean that the common minimum wage is not part of the EU framework and thus not immediately binding for all member states, it would allow for greater flexibility in making exceptions for countries not willing to partake, instead of stopping the introduction of any minimum wage policy in its tracks.

### 3. Methodology and Data Discussion

In order to answer its research questions, we will perform a qualitative analysis of policy documents. While “there is no single, accepted way of carrying out qualitative research” (Ormston et al, 2003, p.2), it is typically differentiated from quantitative research by working with lower numbers of cases and non-numerical data (Babbie, 2014, p. 303f). In this case, a qualitative design was chosen over a quantitative one in order to better capture the nuances of the key actors reasoning and to improve the depth of understanding of their respective behaviour.

Policy documents and statements were collected by searching through the key actors’ official websites for any documents related to European social policy or a European minimum wage or through a keyword-based search on Google, using combinations of terms such as “Europe” “EU” “Minimum Wage” or “Social Policy” in combination with the name of the actor or leading member or of the organisation. Furthermore, official Twitter accounts of key actors and leading members were searched for Tweets containing the term “minimum wage”, with the search extending to all tweets published between 01.01.2019 and 09.06.2019. The latter date is also the point when the collection of other data pieces was ended. This timespan has been chosen to take as much information as possible into account, especially in the lead-up and the immediate aftermath of the 2019 elections for the European Parliament, without expanding the scope of the thesis by too much. Wherever relevant, keywords were translated into local languages, mostly French and German. Additionally, whenever a document of a non-English document is quoted in the analysis, the original statement will be given along with a translation by the author of this thesis.

The key documents were selected according to their relevance for the authoring organisation and their impact on the broader societal debate. For all the parties analysed this means that their respective election programmes were used to establish a baseline of their stance towards a common minimum wage, with other documents and statements providing additional information and filling gaps.

A comprehensive list of all documents and Twitter accounts used can be found in the appendix.

## 4. Analysis

In this analysis we will determine the key actors' stances towards the common minimum wage, beginning with the national governments. We will start with Germany and France, followed by states without a domestic minimum wage. Afterwards, the stances and arguments of European elites in the European Commission and the European Parliament will be determined. Finally, the representatives of the two most relevant stakeholder groups will be looked at - ETUC and BusinessEurope. After all required information is gathered and all stances and arguments are determined, these will be combined to reach a comprehensive understanding and applied to the theories on European integration discussed above.

### 4.1. The German government

The first actor under consideration for this analysis is the government of Germany. Germany is the most populous state in the EU as well as its biggest economy, and thus typically considered to be the Union's most influential country. Therefore, the German government is bound to play a key role in the development of any kind of European policy, and the common minimum wage is no exception.

The German government is currently made up of two parties: the conservative Union of CDU and CSU (from here on CDU) and the social democratic SPD. The two parties hold very different positions on the idea of a common minimum wage, which is why this part of the analysis is further divided into separate sections for each of the two coalition partners.

#### 4.1.1 The CDU/CSU

The CDU is the senior partner of the German government coalition. The party is Germany's main centre-right force and currently occupying the chancellery. The party's notable figures focused on within this analysis are chancellor Angela Merkel and party leader Annegret Kramp-Karrenbauer.

Unlike most other actors included in this analysis, the CDU does not seem to consider the development of a common minimum wage as particularly important to them. As a result, the party has been largely silent on the matter, and only a limited number of statements on the

issue were found. That being said, there is still enough data available to come to a conclusion regarding the party's stance on the matter and to determine their line of arguments.

The first time the CDU was directly confronted with the topic was during the talks to form Germany's current government coalition after the last federal elections in 2017, where the SPD seems to have pushed for the inclusion of the common minimum wage into the agreement quite intensively (see subsection 4.1.2.). The two coalition partners agreed on the following statement:

*“Wir wollen einen Rahmen für Mindestlohnregelungen sowie für nationale Grundsicherungssysteme in den EU-Staaten entwickeln. Wer konsequent gegen Lohndumping und soziale Ungleichheiten in wirtschaftlich schwächeren Ländern in Europa kämpft, sichert auch den Sozialstaat und die Soziale Marktwirtschaft in Deutschland.”* (Bundesregierung 2018)

*“We want to develop a framework for minimum wage regulations as well as for national basic social security systems in EU states. Those who consistently fight against wage dumping and social inequality in economically weaker countries in Europe also secure the welfare state and the social market economy in Germany.”*

However, despite this endorsement of a common minimum wage in the coalition agreement, the CDU appears to be unwilling to actually move towards formulating such a policy, and later statements further clarified that the party does not want a common minimum wage. This can be seen in the CDU's election programme for the 2019 elections for the European Parliament, as the following statement shows:

*“Unser Europa der sozialen Sicherheit konzentriert sich auf Grundstandards bei Arbeitnehmerrechten [...]. Gleichwohl bleiben Mitgliedstaaten für die sozialen Sicherungssysteme, Regulierungen zum Mindestlohn oder der Altersvorsorge selbst verantwortlich. Europäische Regelungen dürfen nationale Schutzstandards, Mitbestimmungsrechte und Sicherungsniveaus nicht aufheben, aushebeln oder unterlaufen.“* (CDU/CSU 2019)

*“Our Europe of social security concentrates on basic standards for employee's rights*

*[...]. Nonetheless, member states remain responsible for social security systems, regulations to the minimum wage or pensions. European regulations must not undermine or override national protection standards, rights of co-determination and security levels.”*

This point is further emphasised in Kramp-Karrenbauer’s publication “Europa jetzt richtig machen”, which served as a response to French president Macron’s “Roadmap for a European Renewal” (see below), outlining her own ideas for the future of Europe.

*“Gleichzeitig müssen wir konsequent auf ein System von Subsidiarität, Eigenverantwortung und damit verbundener Haftung setzen. Europäischer Zentralismus, europäischer Etatismus, die Vergemeinschaftung von Schulden, eine Europäisierung der Sozialsysteme und des Mindestlohns wären der falsche Weg.”*  
(Kramp-Karrenbauer 2019)

*At the same time, we have to consistently set on a system of subsidiarity, personal responsibility and liability. European centralism, European etatism, the communitisation of debts, a Europeanisation of social systems and the minimum wage would be the wrong way forward.”*

However, this pretty clear rejection of a common minimum wage was soon followed by a statement of Chancellor Merkel on the topic. At a questioning in front of the Bundestag, Merkel said the following:

*“Wir haben in der Koalitionsvereinbarung in der Tat Formulierungen dafür gefunden [...] Ja, wir wollen, dass es eine vernünftige Mindestlohnszenerie innerhalb der Europäischen Union gibt. Jetzt ist immer die Frage: Wie gestalte ich die aus? Denn die heutigen Mindestlöhne sind sehr unterschiedlich, die heutigen Lebenshaltungskosten und Einkommenssituationen sind sehr unterschiedlich. [...] Wir stehen da voll zum Koalitionsvertrag. Aber das heißt – so viel ist auch klar –: kein einheitlicher Mindestlohn in ganz Europa.”* (Merkel 2019)

*“We have in fact found formulations for this in the coalition agreement. Yes, we want to have a rational minimum wage scenery in the European Union. Now, the question is:*

*How do I design it? Because the current minimum wages are differing greatly, the current living costs and income situations are differing greatly. We clearly stand to the coalition agreement. But that means - and that is also clear - no unitary minimum wage in all of Europe.”*

A follow-up question of whether the SPD could get the CDU's support for a common minimum wage policy was answered the following way:

*“Wir werden als Bundesregierung nach der Europawahl zu solchen Fragen sicherlich Position beziehen, wenn sie denn von der Kommission in Vorschlägen aufgegriffen werden, selbstverständlich.”* (Merkel, 2019)

*“We as the federal government will surely take a position on such questions after the European elections, if they are picked up in proposals by the European Commission, of course.”*

Merkel thus contradicts Kramp-Karrenbauer. While she also rejects a unitary minimum wage for the EU, she reaffirms the coalition agreement, albeit not particularly enthusiastically, and promises support for the SPD's push towards the 60% model.

Overall, the CDU's position on a common minimum wage seems not particularly solidified or coherent. While the party itself seems to reject the notion of a common minimum wage, it is nonetheless included in the coalition agreement which at least the chancellor seems to be willing to stick with. This means that while the CDU would certainly not drive such a policy forward, at least in the coming two years the CDU would likely not stand in the way should a proposal be brought forward by the European Commission. However, this may change after the end of the German government's term in two years, or if the current coalition should fall apart.

Kramp-Karrenbauer, who is currently expected to become CDU chancellor candidate after Merkel leaves office, appears to be less willing to compromise than Merkel, and waning support for both German government parties in polls as well as the recent European elections may mean an early end for the coalition, potentially reducing the time the CDU would be willing to accept the introduction of a common minimum wage policy.

#### 4.1.2 The SPD

The other party making up the German government is the social democratic SPD. The party is the junior partner of the coalition. Key figures this analysis will focus on are the former party leader Andrea Nahles and Katarina Barley, the lead candidate for the 2019 elections for the European Parliament.

The SPD has made the introduction of a common minimum wage one of its key policy plans in the leadup to the 2019 elections for European Parliament. It features in a large number of statements, and the party's views and reasoning can easily be determined. This prominence is also likely the reason the party line is a lot more consistent than that of the CDU, with most documents and statements following this main party line.

This analysis includes statements from Andrea Nahles, in spite of her resignation from the position of party leader at the beginning of June 2019. This due to her high importance ahead of the elections for European Parliament this year, and as she mostly followed the general party line on this issue, it seems likely that her resignation does not invalidate her comments as useful material for this analysis.

Unlike for the CDU, the SPD's programme features the idea of a common minimum wage quite heavily. It states that

*“In allen Mitgliedsstaaten Europas sollen zudem Mindestlöhne geschaffen werden, die mindestens 60 Prozent des nationalen Medianlohns betragen und so besser vor Armut schützen.”* (SPD, 2019)

*“In all member states of Europe minimum wages should be created that make up at least 60% of the national median wage, to provide better protection from poverty.”*

In the same section, the programme also sets goals for the German national minimum wage. It can be assumed that the party will have similar aspirations for a common minimum wage:

*“Der Mindestlohn in Deutschland ist immer noch zu niedrig. Er soll steigen, um die Beschäftigten besser an den Produktivitätszuwächsen der letzten Jahre zu beteiligen und besser gegen Altersarmut zu schützen.”* (SPD 2019)

*“The minimum wage in Germany is still too low. It should increase, in order to let employees take part in the productivity gains of recent years and to better protect from poverty among the elderly.”*

To this, a final point is added:

*“Kein Vollzeit-Lohn in der Europäischen Union darf unter der nationalen Armutsschwelle liegen. Funktionierende nationale Lohnfindungsmechanismen und nationale Systeme der Mindestlohnsetzung gilt es zu erhalten. Die EU-Mitgliedsstaaten müssen mittel- bis langfristig das Schutzniveau ihrer Arbeitslosen-, Renten- und Krankenversicherungssysteme angleichen. [...] Wir streben eine Rahmenrichtlinie für faire Mindestlöhne in Europa und für Mindeststandards in der sozialen Sicherung an.”*  
(SPD 2019)

*“There must be no full-time wage in the EU under the national poverty line. Functional national wage-finding mechanisms need to be maintained. In the medium to long term, the EU member states will have to align the level of their unemployment, pension and health insurance systems. [...] We aspire for a framework directive for fair minimum wages in Europe and minimum standards of social security.”*

These quotes from the SPD's programme already include a lot of information. To begin with, they make clear that the SPD wants a common minimum wage according to the 60% model, and that their main goals seem to be the reduction of the number of working poor and to fight poverty among the elderly. Furthermore, an important reason for the SPD to demand this de facto minimum wage increase for most member states is that they did not think that wage growth was in line with productivity increases in recent years. All of these more specific goals can be boiled down to decreased economic inequality, European legitimacy or domestic demand are not mentioned.

The last statement also adds that the SPD wants to create a directive for a common minimum wage. This is somewhat surprising, as their main goal of increased social justice could potentially also be achieved through an intergovernmental agreement between the member states. As mentioned earlier, the EU does not currently have legislative power on wage policy, and such a directive would thus require a change to the treaties. This would make such a formal

piece of EU-legislation a lot more difficult to achieve than an agreement between the member states. The advantage of a directive would be a strengthening of European institutions, which the SPD does not mention as one of their goals in the programme.

The SPD has been very vocal about their plans for a common minimum wage and the party has made it one of their main policy proposals in their election campaign. This can be seen very well in the party's twitter accounts, where statements about the common minimum wage were repeated on a very regular basis. While these tweets typically did not contain much information beyond what was already laid down in the programme, they nonetheless show the importance of the topic for the party and that this could be a key policy required for the support of the social democrats after the European elections - both for a potential new Commission President on a European level and for the CDU in the German national government.

These points also largely apply for the statements of leading party members. For example, Andrea Nahles, then one of the two leaders of the party, tweeted the following:

*"[...] Die SPD steht für ein soziales Europa, in dem die Länder sich nicht gegenseitig bei Steuern und Löhnen unterbieten, sondern am selben Strang ziehen. Mit Mindestlöhnen, von denen man überall gut leben kann. #EuropaIstDieAntwort" (@AndreaNahlesSPD 2019)*

*"The SPD represents a social Europe, in which countries do not undercut each other with taxes and wages, but work together instead. With minimum wages that allow for a proper living standard in all places. #EuropelsTheAnswer"*

And in an interview with the Augsburgener Allgemeine newspaper, the lead candidate for the European elections, Katarina Barley, stated that:

*"Wir brauchen einen europaweiten Mindestlohn, damit die Menschen die Arbeitnehmerfreizügigkeit in Anspruch nehmen, weil sie das wollen – und nicht, weil sie in ihrem Land zu wenig verdienen. Denn sonst entsteht ein Unterbietungswettbewerb, den wir nicht zulassen dürfen. Wir wollen einen Mindestlohn, der sich an 60 Prozent des mittleren Einkommens im jeweiligen Land orientiert. Für Deutschland ergäbe das zwölf Euro." (Augsburger Allgemeine 2019)*

*“We need a Europe-wide minimum wage, to allow people to use the free movement of workers because they want to - not because they do not earn enough in their home country. Otherwise, a race to the bottom occurs, and this we cannot allow. We want a minimum wage oriented at 60 percent of the median wage of the respective country. For Germany, this would mean twelve Euro.”*

#### 4.1.3 Conclusion - Germany

The German government's position towards a common minimum wage is in an interesting spot. To begin with, the two coalition partners seem to be at odds on the issue. While the SPD strongly supports the introduction of a minimum wage according to the 60% model, the CDU seems generally dismissive of the idea. Working towards a common minimum wage is agreed upon in the coalition agreement, however, parts of the CDU, most notably party leader Annegret Kramp-Karrenbauer have fully dismissed the idea. This suggests that the current coalition government would likely be willing to support such legislation due to pressure from the SPD and a seeming willingness to cooperate from Chancellor Merkel.

However, the German governing coalition appears to be relatively unstable. Both parties have suffered massive losses in recent elections and polls, and quite a few observers among politicians and in the media have predicted the coalition to end prematurely (e.g. Merz (2019), Tagesanzeiger (2019), Süddeutsche Zeitung (2019), Zeit (2019)). In this case, the two strongest parties with the highest chance to form a new government would likely be the CDU and the Greens (INSA, 2019). As discussed above, a new government led by the CDU would likely be unwilling to support a common minimum wage. A government led by the Greens would likely be more open to such an idea, as they also mention it in their programme (Bündnis 90/Die Grünen 2019).

#### 4.2 The French Government

The other national government singled out for this analysis is that of France. France is the second most populous member state of the EU, and as such has the second highest number of seats in the European Parliament. Furthermore, France is generally seen as the other main driver of European integration, besides Germany. This means the French Government has a

large amount of influence on the development of any kind of European policy in any policy field, especially if a change to the treaties is required as is the case for the development of a common minimum wage. France's government currently consists of "La Republique En Marche" (LREM), a liberal party led by French president Emmanuel Macron. Notable figures included in this analysis include Macron as well as Nathalie Loiseau, the party's lead candidate for the 2019 elections for the European Parliament.

Unlike what one might expect from a liberal party, LREM has argued quite strongly for the establishment of a common minimum wage policy in the EU. This development started back in 2017, shortly after the party was voted into office in the last French Presidential elections. In November of that year, the French Ministry of European and Foreign affairs published "Macron's Initiative for Europe", arguing that

*"we need to guarantee a minimum wage for all, adapted to the economic realities of each country, and regulate social contribution competition"*

or

*"We need to encourage convergence across the whole EU, setting criteria that gradually bring our social and tax models closer together."*

(Ministère de l'Europe et des Affaires étrangères, 2017)

This demand was also included and further reinforced in Macron's 2019 "Roadmap for a European renewal", in which he laid down his plans for the development of the European Union, and in the latest version of Macron's political programme. Relevant statements included in these documents are:

*"Europe, where social security was created, needs to introduce a social shield for all workers, east to west and north to south, guaranteeing the same pay in the same workplace, and a minimum European wage appropriate to each country and discussed collectively every year."* (Macron 2019b)

and

*“Nous exigerons que soit mis en place un socle de droits sociaux européens, en définissant des standards minimums en matière de droits à la formation, de couverture santé, d’assurance chômage ou de salaire minimum” (Macron 2019a)*

*“We demand the establishment of a bedrock of European social rights, setting minimum standards for training rights, health coverage, unemployment insurance and minimum wages.”*

While this sounds very similar to some demands by the German SPD, his main motive for supporting the development of a more social union seems to be a different one. Macron’s Roadmap also includes the following statement:

*“Where is Europe? What is Europe doing?” It has become a soulless market in their [the citizen’s] eyes. Yet Europe is not just a market. It is a project. A market is useful, but it should not detract from the need for borders that protect and values that unite. The nationalists are misguided when they claim to defend our identity by withdrawing from Europe, because it is the European civilisation that unites, frees and protects us. But those who would change nothing are also misguided, because they deny the fears felt by our peoples, the doubts that undermine our democracies.” (Macron 2019a)*

This statement hints that to Macron, and by extension LREM and the French government, the development of a common minimum wage is not just meant to increase social justice and the living situation of the working poor, but also to combat the European Union’s current legitimacy crisis. However, this does not mean that the social effects of this policy are fully disregarded by the LREM, as the party’s programme for the 2019 elections for the European Parliament makes clear:

*“Mettre en œuvre un salaire minimum adapté à chaque pays européen pour limiter la concurrence par les bas salaires et garantir un revenu de vie décent. L’accès aux fonds européens dépendra de la mise en place de ces salaires.” (LREM 2019)*

*“Implement a minimum wage adapted to each European country to limit competition by low wages and guarantee a decent living income. Access to European funds will depend*

*on the introduction of these salaries.”*

This demand also states that instead of a fully codified version of the common minimum wage with legal repercussions in case of misconduct by member states, LREM might aspire to create a less formal agreement to align minimum wages through, for example, the European Semester - which could then be enforced using the European Union’s budget, for example by withholding resources from the cohesion fund from member states not adapting their national policy.

This section of the programme has been greatly promoted by LREM lead candidate for the 2019 elections for the European Parliament, Nathalie Loiseau. When listing the main propositions of LREM, the common minimum wage is typically included, as can be seen in the following example from her twitter account:

*“Des propositions concrètes sont sur la table. Par exemple, le déploiement d’experts pour faire face aux ingérences étrangères et cyberattaques dans les pays européens menacés ou la mise en place d’un SMIC européen.”* (Loiseau 2019a)

*“Concrete proposals are on the table. For example, the deployment of experts to deal with foreign interference and cyber attacks in European countries at risk or the establishment of a European SMIC [Salaire minimum interprofessionnel de croissance; minimum wage]”*

Just as Macron, she also appears to consider the common minimum wage a tool that may help to increase the EU’s legitimacy, and blames the ignorance of the establishment on why there is no minimum wage as of yet, which can be seen in another tweet:

*“Celles et ceux qui refusent de discuter d’un SMIC européen, adapté à chaque pays, sont les mêmes conservateurs qui, depuis 15 ans, restent assis sur leur siège au Parlement et n’ont pas changé l’Europe car ils considèrent que tout va bien.”* (Loiseau 2019a)

*“Those who refuse to discuss a European SMIC, adapted to each country, are the same Conservatives who, for 15 years, have remained sitting in their seats in Parliament and have not changed Europe because they consider that everything is going well.”*

Furthermore, in an interview with “Le Parisien” on LREM’s ideas for social policy in the EU, Loiseau concretises the party’s ideas:

*“Je veux que l’Europe rime avec le mot social ! Aujourd’hui, six pays n’ont même pas de smic ! Il faut au minimum un smic dans tous les pays de l’UE. Et, partout, un smic qui permette un revenu décent. C’est-à-dire, par pays, au moins la moitié du salaire médian.”* (Loiseau 2019b)

*“I want Europe to rhyme with the word social! Today, six countries do not even have a smic! At least one minimum wage is required in all EU countries. And, everywhere, a smic that allows a decent income. That is, by country, at least half of the median wage.”*

This means that LREM, or at least Loiseau, aspire for a lower level of minimum wage than the 60% model brought forward by Eurofound and endorsed by the German social democrats. If one takes a look back at fig. 2, it also becomes obvious that a minimum wage of 50% of the median, unlike the 60% model, would not entail a minimum wage increase in most member states, with the exception of Estonia, Czechia, Ireland, Spain and Slovakia. While 50% of the median is pretty close to the level of minimum wage currently present in most member states, for some this margin would be quite a bit lower than their current minimum wage level - including for France, which boasts the highest relative minimum wage of the Union.

This has apparently been criticised by a number of domestic actors in France who are afraid LREM’s call for a common minimum wage would entail a lowered minimum wage for France. These concerns are particularly relevant considering the LREM administration already effectively lowered the minimum wage in 2019. While it was nominally increased by 1.5%, this was lower than the 1.6% increases of consumer prices in the country, thus leaving minimum wage earners with a slightly reduced purchasing power (Eurostat 2019a; Countryeconomy, 2019). Loiseau tried to appease these critics in a range of tweets, including the following:

*“Stop à la mauvaise foi ! @benoithamon, @AQuatennens, @JanBrossat, NON, nous ne voulons pas baisser le SMIC. Ce que nous voulons : que tous les travailleurs européens aient un revenu décent ; mettre fin au dumping social.”* (Loiseau 2019a)

*“Stop bad faith! @benoithamon, @AQuatennens, @IanBrossat, NO, we do not want to lower the SMIC. What we want: that all European workers have a decent income; put an end to social dumping.”*

This likely means that LREM wants the common minimum wage to be a lower margin for national minimum wages, with options for member states to introduce national legislation setting a higher local minimum wage level.

Overall, LREM is clearly supporting the development of a common minimum wage. Their preferred model also seems to be based around the median wage of member states, however, the given margin of 50% of the median wage is considerably lower than the 60% proposed by Eurofound and adopted by the SPD. Nonetheless, LREM claims it does not want to lower the French minimum wage level, which currently hovers around 60% of the median, which either means the party will have to change its preferred level for a common minimum wage, or introduce the common minimum wage as a minimum requirement, with options for member states to adopt higher local minimum wages.

LREM cites two main reasons for their demands for a common minimum wage: to end “social dumping” and reduce the share of the working poor and to fight Europe’s legitimacy crisis by making it visible to citizens that Europe is more than just a market for the wealthy.

#### 4.3 Member states without a statutory minimum wage

Next to the big member states, a range of other countries also have an increased relevance for the discussion of a common minimum wage due to the increased impact such a policy would have on them. This is particularly true for those states that do not have a national minimum wage themselves but instead rely on other wage finding mechanisms such as collective bargaining. While the scope of this thesis does not allow for an in-depth analysis of all of their governments, a broad overview is nonetheless necessary to paint a complete picture of the discussion on a common minimum wage.

The group of EU member states without a national minimum wage includes Sweden, Finland, Denmark, Austria, Italy and Cyprus. Most of these states have historically strong labour unions and were thus able to maintain a decent wage level without the help of a unitary minimum wage.

As already briefly mentioned in the “models for a common minimum wage” section”, this means these countries would have to experience a great level of institutional change should a common minimum wage policy be introduced, and are thus likely difficult to convince of the merits of such a policy shift. This is especially true for the Scandinavian countries, as they have a largely positive experience with their current system (Eurofound, 2014).

#### 4.4 The supranational European institutions

The next group of actors we will take a look at are the supranational institutions of the European Union - in particular the European Commission and the European Parliament. Instead of analysing the two institutions separately, we will combine their respective analyses due to the close interdependence of the institutions. The Parliament has to rely on the Commission to start the legislative process, as the latter is the only institution with a right of initiative on a European level. On the other hand, the Commission needs to be confirmed by the Parliament and is thus reliant on its support. Furthermore, with the current, albeit informal, “Spitzenkandidaten” process it is expected that one of the leaders of the winning parties in the elections for the European Parliament will be made President of the Commission, which further intertwines the two institutions. In addition to this, at the point this thesis is being finished, the 2019 elections for European Parliament have only occurred a few weeks ago, and a new Commission is yet to be determined. This makes it hard to describe the institution’s policy plans separately, and we will instead have to rely on what the candidates of the different parties are proposing.

This means the supranational European institutions will mostly be analysed through the leading members of the major groups in the European Parliament, as well as the candidates for the presidency of the European Commission. Additionally, we will look at statements from past major figures, such as the outgoing president of the Commission Jean-Claude Juncker, as well as official statements and decisions from the institutions.

The first group we will look at is the European People’s Party (EPP), which is the largest group in the European Parliament. This group is formed by a range of centre-right parties across the Union, including the German CDU and the Spanish Partido Popular.

Overall, the group seems to be divided on the issue of a common minimum wage. While the party’s programme does not mention the policy at all, statements from its members go both directions. Similarly, the group’s lead candidate for the 2019 elections for the European

Parliament Manfred Weber has been surprisingly silent on a topic that his opponents have made a flagship of their campaigns.

Opposed to this stands a small number of individuals from the EPP openly calling for a common minimum wage, most notably Jean-Claude Juncker. Ahead of his time as Commission President, he called for the introduction of minimum wages in all member states, stating that these should be bound to a specific share of the countries' respective median incomes (Euractiv, 2014). He repeated these calls later on, stating that: *"There should be a minimum salary in each country of the European Union"* (Euractiv, 2017), and even reaffirmed them in 2019 near the end of his term (express.co.uk, 2019).

Although these voices exist, the predominant silence on the topic should be seen as opposition to a common minimum wage. The EPP controlled the Commission for the last four years, and in cooperation with the S&D, could have made an attempt to push for a common minimum wage had they desired so. This also means that the EPP will likely be dismissive of the idea in the future, especially considering the party's most vocal supporter of the common minimum wage, Juncker, will no longer be in a major position of power.

The second largest group in the European Parliament is the social democratic Progressive Alliance of Socialists and Democrats (S&D). Notable members of the group include the Spanish PSOE and the Italian PD.

Similar to the German SPD, the group has made the common minimum wage one of their flagship policies for the 2019 elections for the European Parliament. In a public debate the group's lead candidate Frans Timmermans stated the following:

*"we need a minimum wage in every European member state, which should be approximately 60% of the median wage. Then you can construct a decent social system."* (see Maastricht Debate, 2019)

And the group's vision for the future includes a similar statement: *"Every EU country should ensure a minimum wage of at least 60% of the national average wage"* (S&D 2019). While these two statements go into a similar direction, it is notable that Timmermans is talking about 60% of the median wage, whereas the vision is talking about 60% of the average - a far more ambitious goal. Timmermans made a lot of similar statements throughout the campaign period, including on his Twitter account, albeit usually without specifying the minimum wage model. Overall the S&D group clearly favours the idea of a common minimum wage, and would likely support and

even drive forward any proposal in both Parliament and Commission.

The third relevant group we will look at is Renew Europe, the successor organisation of ALDE, which mainly consists of liberal parties. Notable members include the Liberal Democrats from the UK and France's LREM. While the group's manifesto does not contain any mentions of a common minimum wage, at least Macron's LREM has been pushing for such a scheme, as has been discussed in section 4.2. Furthermore, the party is generally quite strongly in favour of further European integration, and as one of its leading candidates, Guy Verhofstadt stated in a public debate:

*“Also for a social Europe. I think there is also a social policy that needs to be done by the European Union. And that is to have this minimum social security level, that has to be the same in every country of the European Union”* (see Maastricht Debate 2019)

While a minimum social security level should not be confused with a minimum wage, this statement at least shows that the group is not fundamentally opposed to strengthening the European Union's competencies on social policy. Nonetheless, this does not mean full support of any specific social policy, as can be seen in the following statement by Margarethe Vestager, the group's other lead candidate:

*“We see a lot of jobs are being created in the EU, I think over 12 million in the last five years. But a lot of those jobs, they don't pay very well. And we should agree that we should promote an economy where you can make a decent living when you have a full time job. And that may be another discussion than having a sort of fixed minimum wage. Because we have different systems. And it is important to respect that because we need to call on the social partners to help us out. Because the European Union as such can do something, but together with member states, then we can solve it.”* (see European Commission 2019)

The main point emphasised in here seems to be the subsidiarity principle, as well as the acknowledgement that different systems exist between the member states. Vestager, a Danish politician, is likely aware that any common minimum wage would face a lot of opposition from the Scandinavian countries, and thus seems to prefer other options.

In general, Reform Europe seems to be divided on the topic, with parts of the group pushing for

a common minimum wage, whereas others seem more cautious. Nonetheless, the opposition does not seem to be ideological, and should a proposal be able to resolve the issue with the Scandinavian states, the group might be willing to fully support it. For other proposals, this support might be limited to only some subgroups of Reform Europe.

Next, we will look at the Greens/EFA group. As the name suggests the group mainly consists of green parties, although there are also some regionalist parties in it, such as the UK's SNP. Notable members include the German Bündnis 90/Die Grünen and Europe ecology - The Greens from France. Just as for Renew Europe and the EPP, the group's manifesto does not include any mention of the term minimum wage, suggesting that the topic is not particularly important to the group. However, in a resolution on the European pillar of social rights, the group stated the following:

*“Rules on minimum wages should be based on rules for a minimum wage that is at least 60% of the median wage to avoid a race to the bottom. Such a stipulation should call a halt to the working poor. [...] The conditions should state that countries which already have a high minimum wage do not lower this to a European minimum standard. For this, we ask for a framework directive.”* (European Greens 2018)

This demand was also repeated by Bas Eickhout, one of the two lead candidates of the group, in a public debate where he stated:

*“This is exactly a topic where the current European Union did not deliver. Why is there no proposal for a minimum wage at the European level? It did not come from the European Commission. The liberals, we have never seen proposals from them on that. [...] Also there we can make regulation.”* (see Maastricht Debate 2019)

This confirms that the group nonetheless supports a potential common minimum wage and that it agrees with the 60% model. Furthermore, it makes clear that the Greens also mainly see the minimum wage as a tool to reduce the share of working poor, and would prefer a formal EU regulation.

The last group analysed is Identity and Democracy, a group largely consisting of right-wing populist and nationalist parties. Notable members include Italy's Lega and France's

Rassemblement National. While this group does not talk a lot about the common minimum wage in particular, their stance on such a policy can quite easily be derived from the remainder of their programmes. For instance, Lega states in its programme that

*“Noi vogliamo restare all’interno dell’Unione Europea solo a condizione di ridiscutere tutti i Trattati che pongono vincoli all’esercizio della nostra piena e legittima sovranità, tornando di fatto alla Comunità Economia Europea precedente al Trattato di Maastricht.”*  
(Lega 2018)

*“We only want to stay in the European Union if we rediscuss all of the treaties that place constraints on our full and legitimate sovereignty, effectively returning to the European Economic Community before the Maastricht Treaty.”*

and

*“Ritorno quantomeno allo status pre-Maastricht, ovvero a una forma di libera e pacifica cooperazione tra Stati di natura prettamente economica.”* (Lega 2018)

*“Return at least to pre-Maastricht status, or form a free and peaceful cooperation between states of a purely economic nature.”*

This is clearly strongly opposed to further integration of any kind, which should include a common minimum wage. While this programme is only for Lega itself, similar statements can be found in the programme of Rassemblement National, as well as in those of other parties of the group. It can thus be said that the Identity and Democracy group stands opposed to the idea of a common in minimum wage legislation, as it would require giving additional competencies to the EU. However, the group’s opposition is most likely less fundamental for an intergovernmental common minimum wage model, as it would not require giving up competencies.

To summarise, large parts of the European supranational institutions are supporting the development of a common minimum wage. Especially S&D is putting a lot of political capital behind promoting the policy, but the Greens are fully supporting it as well. Additionally, large

parts of Renew Europe and some members of the EPP are in favour of the introduction of a common minimum wage, with the remainder of the two groups mostly being worried about smaller potential problems rather than being fundamentally opposed to the idea. Of the larger groups in parliament, only Identity and Democracy fundamentally oppose the common minimum wage, as the group is against further integration of any sort.

#### 4.5 The ETUC

The ETUC is the primary organisation representing the interests of employees and workers in the European Union. It is also one of the social partners, a group of representative organisations informing EU decision making on a range of policy fields - including economic and social policy. Similar to the social democrats, they argue strongly for increased minimum wages, and see a European minimum wage as a well-suited instrument to reduce inequality and combat in-work poverty. They are also promoting the 60% model proposed by Eurofound, however, the ETUC wants to go further. For them, the long term goal is to increase minimum wages to up to 60% of the average wage - not just the median.

This is clearly stated in their 2017 briefing note “minimum wages should not be poverty wages”, which is part of their “Europe needs a pay raise” campaign. In this note, the ETUC suggests a two step model, where *“Once the countries achieved the level of 60% of the national median wage, the second stage could be to aim for a gradual increase to 60% of the national average wage.”* (ETUC, 2017a). The ETUC uses two examples to show that a minimum wage of 60% of the median wage would not be sufficient to achieve their goals: Portugal and Romania. In both of these countries, the wage distribution is highly unequal, with a large concentration of earners at the bottom end of the spectrum. The ETUC thus argues that *“it is important to go beyond 60% of the national median wage for minimum wages to make a meaningful contribution to preventing in-work poverty”* (ETUC, 2017a).

While the ETUC does not seem to believe that a European minimum wage should be aspired to for its own sake, they see it as an important tool to avoid downward wage competition inside the EU and as a way to achieve their overarching goals. As stated in their briefing note:

*“By defining a floor of adequate minimum wages and by compressing the overall wage distribution, such a European minimum wage policy would make an important contribution to reducing in-work poverty and inequality—and would be an important step*

*in making minimum wages living wages.” (ETUC, 2017a)*

Next to their main goal of reducing in-work poverty, the ETUC sees several other potential benefits to a European minimum wage on this level. They see it is a way to promote economic growth, as increasing wages is bound to increase consumption. They argue that this is especially true for low-wage earners, as this group is particularly likely to spend the additional money earned instead of saving it. Secondly, an increase in the average common minimum wage could help reduce the gender pay gap, as women are overrepresented among minimum wage earners. Finally, the ETUC also sees a common minimum wage as a chance to help the EU get out of its legitimacy crisis, as such a policy may revive the idea of a social Europe, *“thereby helping to win back EU citizens’ confidence and belief in the value of European integration.” (ETUC, 2017a)*

Since the publication of this briefing note, the ETUC has continued advocating for a common minimum wage in the EU. Later in the same year, Esther Lynch, the ETUC Confederal Secretary, stated that *“The EU should set a target date for statutory minimum wages to reach at least 60% of the median wage, and then living wages.” (ETUC, 2017b)* and thus reaffirmed the demands above. These ideas have also become part of the ETUC’s input into the 2018 BEPGs, albeit without directly mentioning a common minimum wage, but instead just talking about minimum wages in general:

*“Minimum wage systems have to be reinforced introducing transparency and greater involvement of social partners in the statutory settings. Minimum wages have to converge toward the 60% of average or median national wages.” (ETUC, 2017c)*

To sum it up, the ETUC clearly advocates for the adoption of a common minimum wage policy. However, the organisation does not see it as a goal in itself, but mainly in order to achieve other goals, such as reducing inequality and reducing the share of the working poor. Accordingly, the ETUC tries to promote the 60% model, which would entail increases to the minimum wages in most member states, in some cases quite drastically. The ETUC even goes beyond that, and in the long term wants to work towards a minimum wage of 60% of the average wage in all member states.

The ETUC has been lobbying for this for quite some time, as the publication of the very

comprehensive briefing note of early 2017 makes clear. They would likely be willing to support any proposal that would lead to higher wages for low-income workers in most member states, however, they could potentially also be placated by alternate, intergovernmental solutions with similar outcomes for workers, as this is their priority and not the transfer of competencies on a European level.

#### 4.6 Businesseurope

Businesseurope is the largest organisation representing employers' interests on an EU level. Like the ETUC, Businesseurope is also one of the social partners, and thus also responsible for informing EU decision making on social and economic policy. Unlike the ETUC, Businesseurope seems to be largely opposed to the idea of a common minimum wage. Although the organisation is generally a lot less vocal, with few direct quotes on a common minimum wage to be found, the information available on the topic and closely related issues nonetheless paints a rather clear picture.

A statement exemplary for Businesseurope's overall stance towards minimum wages was published by the organisation's director general in 2015 after the introduction of the German minimum wage:

*"While Germany has of course the right to introduce a minimum wage, Businesseurope and its members are greatly concerned about the impact of this new national legislation on international transportation via road, inland waterways and rail. Besides the current lack of information on its application the uncertainty regarding the documents to be provided and its enforcement, it causes additional administrative burden and adds costs not only for the transport sector, but various other sectors such as construction, the metal industry and manufacturing."* (Beyrer, 2015)

As can clearly be seen, and is to be expected from an employers representative, Businesseurope is mostly worried about the potential negative economic impacts of minimum wages. However, it is notable that in this case not only increased labour costs were seen as an issue, but also an increased administrative burden. Unlike the German minimum wage discussed in the above statement, a common minimum wage could potentially reduce this administrative burden by reducing the differences between member states, which might mean

greater appreciation of the policy by BusinessEurope.

The described position has remained largely unchanged ever since. In a 2017 position paper on the European pillar of social rights, BusinessEurope emphasised the importance of national competencies, “in particular those of national social partners with respect to wage setting” (BusinessEurope, 2017). The organisation particularly underlined the subsidiarity principle, stating that “*the subsidiarity principle, as enshrined in the Treaty, should remain at the centre of policy orientation*” (BusinessEurope, 2017), and also noted that the heterogeneity of the member states should be accounted for. Again, the importance of growth and job growth goals was stressed. Additionally, the same goals were included in BusinessEurope’s Labour Markets Reform Agenda: the suggested actions were “*structural labour market reforms leading to a job-rich recovery.*” as well as economic growth (BusinessEurope, 2019).

Finally, largely the same arguments were used in the organisation’s 2019 Annual Growth Survey. The document states that “Member States also need to look at their minimum wages to ensure that they don’t undermine youth employment prospects” (BusinessEurope, 2018), again making clear that BusinessEurope seems to value job growth over increased minimum wages. In the same document, the organisation also brings forward that wages have been growing in the last two years, thus alleviating the need for increased minimum wages. Overall, BusinessEurope’s views can be summed up quite well in one quote:

*“To have sustainable pay increases, we need to increase Europe’s rate of long-term productivity growth. Otherwise, this simply leads to job losses and falling growth.”*  
(BusinessEurope, 2018)

Essentially, BusinessEurope’s main goals in regard to the common minimum wage seem to be concerned with economic and job growth, and the organisation considers high minimum wages as obstructive to this. While this does not necessarily mean opposition to any form of common minimum wage policy, it certainly means opposing ideas like the 60% model brought forward by Eurofound or the German social democrats - and even more so the 60% of the average model the ETUC wants to work towards. This is due to both of these models amounting to quite severe increases in minimum wage. However, BusinessEurope would likely not consider a low, intragovernmental common minimum wage as dangerous, as the subsidiarity principle would be maintained to a larger degree, and a low minimum wage would be less likely to stoke fears of

negative economic impacts.

Another way to get BusinessEurope to support a common minimum wage policy might be to study the potential economic effects such a policy might have in more detail. BusinessEurope line of argument seems to largely follow the classical economic theory, which, as mentioned earlier, is no longer considered to be particularly accurate. Economists such as Bodnar et al. (2018) or Riley and Bondibene (2017) have already analysed the reactions of firms to minimum wage increases and did not find notable negative effects on job growth, in some cases even finding positive effects on productivity - with the potentially positive effects of minimum wages on domestic demand not even included. If BusinessEurope were to become aware of these studies, or if a large study on the economic effects of a potential common minimum wage were to find similar results, BusinessEurope could potentially change its opinion on a common minimum wage model increasing the minimum wages in some member states.

#### 4.7 Connecting data and theory

As the above analysis clearly shows, there is a wide array of opinions on a common minimum wage among European stakeholders and key actors. A significant number of actors seem to reject the idea of giving the European Union any competencies on the matter. This includes Parts of the CDU, the Nordic countries, eurosceptics in the European supranational institutions and national governments and BusinessEurope. Their most important motives for this are the upholding of the subsidiarity principle, having great results with national wage setting systems other than a statutory minimum wage, being ideologically opposed to giving the EU additional competencies in any policy field and fearing negative economic effects due to adherence to the classical economic theory.

While most of these actors are likely less vehemently opposed to an intergovernmental approach to a common minimum wage, some of their arguments, such as the fear of negative economic effects, can also be applied here.

On the other hand, many actors support the development of a common minimum wage, albeit to varying degrees. This includes the German SPD, the French government and the ETUC, as well as large parts of the European supranational elites across the party spectrum. Their arguments include increasing the output legitimacy of the EU and thus ending the EU's legitimacy crisis, reducing the share of the working poor across the Union, reduced wage competition between member states, and potential positive economic effects field studies and a range of post-

classical economic theories seem to suggest. However, while all of these groups support a common minimum wage in principle, this does not mean that they agree on a single model for such a policy. While the 60% model appears to be the most popular, others are being discussed, ranging from the less ambitious 50% of the median model suggested by the French government to the 60% of the average model the ETUC aspires towards.

Finally, a number of actors is on the fence on the matter, with the topic typically being of low priority to them. This includes the remainder of the German CDU and sections of the European conservatives and liberals. While these groups are not directly supportive of such a policy, they don't seem to harbour any particularly strong feelings on the matter and could likely either be convinced to agree with such a policy or be compromised with as long as a few minor obstacles are avoided. These groups are also more likely to agree with less ambitious common minimum wage models, such as an intergovernmental agreement instead of a treaty change.

We have now determined the stances the key actors hold towards the common minimum wage as well as their reasons for them, the remainder of this section will apply these to the theories described in section 2..

Liberal intergovernmentalism would explain the current situation without any movement towards deeper integration with the opposition of key member states. Since the governments of a number of member states, such as the Scandinavian ones and Italy, do not see the development of a common minimum wage as beneficial to themselves, integration did not take place and is unlikely to take place in the future. This is especially true since Germany, the largest and most powerful member state, is in itself not particularly engaged in the matter and thus not willing to use its weight to push such a policy through. In order to facilitate change in the future, liberal intergovernmentalism would argue that a shift in the German government's position is required, be it due to a change of administration or a new evaluation of the situation by the CDU leading to a greater appreciation of deeper social integration of the EU.

Alternatively, the introduction of an intergovernmental agreement could also easily be explained by liberal intergovernmentalism. Since France is strongly pushing for the introduction of a common minimum wage and putting a notable amount of political capital behind this move, such an agreement could be seen as a compromise that smaller member states can agree with, while at least partly fulfilling the goals of the EU's second most powerful nation-state.

At the same time, the debate around the common minimum wage shows a problem with the theory. It would generally expect a nation-state to follow one coherent path, and the split

between the two German coalition partners that is not solved internally, but has an effect in its external behaviour is not something the theory can easily cope with.

The theory that struggles the most to explain the lack of movement towards a common minimum wage is neofunctionalism. As research of minimum wages in other situations shows, such a policy can generally be expected to have positive economic effects, which should lead to stakeholders lobbying for its introduction on an EU level. Additionally, the deep integration of the EU in connected areas, such as many other parts of economic policy, should result in strong functional spillover effects and thus the likelihood for a common minimum wage to be introduced.

While the lack of a policy is not easily explained using neofunctionalism, one might argue that the process of introducing a common minimum wage is still on the way and that the recent surge of attention on the topic can be seen as proof of this. Accordingly, neofunctionalism would expect the introduction of a common minimum wage in the near future, with a common minimum wage based on formal EU legislation with changes to the treaties being the most expected scenario. This means that should a common minimum wage along with treaty changes become reality in the near future in spite of all the currently rather strong opposition to it, this would strongly support neofunctionalism. However, otherwise the lack of any actual movement towards a common minimum wage means that neofunctionalism isn't all that suitable to explain the current situation and recent developments connected to the common minimum wage.

For the theory of differentiated integration, the lack of a common minimum wage can be explained with the topic's high level of politicisation. European integration in general has received massive amounts of public attention in recent years, and as the theory of differentiated integration would predict, the public was rather critical on the matter. This can quite easily be seen in events such as Brexit, as well as in the surge of Eurosceptic parties in many member states. Similarly, rising levels of inequality have made social policy more relevant to the public debate. As a result, the theory of differentiated integration states that it should be more difficult for pro-European elites to push for deeper levels of integration in this area, and should the current push for a common minimum wage fail, differentiated integration would see itself confirmed. While there are also notable levels of interdependence around the common minimum wage, the extremely high politicisation should beat out the integration furthering effects of this. As such, the theory of differentiated integration would expect neither of the two

possible options for a common minimum wage to come through, and would particularly struggle to explain treaty changes including additional competencies for EU institutions.

The final theory this paper was looking at is postfunctionalism. As stated above, postfunctionalism emphasises the importance of ideology and party politics for European integration and sees these as the main drivers for integration or the lack thereof.

Applied to the case of the common minimum wage, the main determinant for an actor's behaviour on a European level should be their behaviour on a national level. This holds up rather well for most actors. For both the Social Democrats and the Conservatives, the stances of national parties and of groups in the European Parliament on minimum wages are largely the same. Both the German SPD and the European S&D are pushing a minimum wage according to the 60% model, whereas both the German CDU and the European EPP seem to be on the fence, with parts of the respective groups being in favour of and parts of the groups being against the introduction of minimum wages. Furthermore, their stances seem to be largely based on party ideology as well, with the social democrats being mostly worried about improving the situation of low-income households, whereas the conservatives worry more about the economic impact of the common minimum wage and the subsidiarity principle. Similar things can be said about the representatives of employers and employees. While for these groups only the European actors were analysed, their arguments seem also largely be based on ideology, and it seems likely that their national counterparts would largely follow the same lines of argument.

At first glance, postfunctionalist thinking seems to struggle to explain the behaviour of LREM and some of the Eurosceptics. LREM strongly pushes for a common minimum wage on the European level while at the same time effectively lowering the French national minimum wage, whilst Lega supports a more generous social policy in Italy while rejecting the common minimum wage in the EU. However, a more in-depth look at their ideology can solve this issue. For both actors, the discussion on the common minimum wage is less about the direct impact of the minimum wage in itself, and more about giving the EU additional competencies. This once again puts their behaviour in line with party ideologies and makes the theory of postfunctionalism highly suitable to explain the current common minimum wage situation.

As far as future developments are concerned, postfunctionalism would expect party politics to continue. Since the Eurosceptics are highly unlikely to change their ideology in a drastic manner, the introduction of a common minimum wage along with treaty changes seems unlikely as well as long as there are Eurosceptic parties as part of any national government in the EU.

However, an intergovernmental agreement on a common minimum wage might be more feasible, as it could be considered a compromise between the opposing positions, and as it would not go against the core of any key actor's ideology.

## 5. Conclusion

The development of a common minimum wage has been a contentious topic throughout the last couple of years. While the development of such a policy has seen dedicated support from a number of different key actors from different sides, there has also been strong opposition to it.

Leading among supporters are socialists throughout Europe, which have made the common minimum wage one of their main topics in the leadup to the 2019 elections for European Parliament. Both the S&D in the European Parliament and the German SPD want to establish a minimum wage regulation according to the 60% percent model. Their main reason for this is to reduce the share of the working poor and reduce economic inequalities across the continent. This move is also supported by the ETUC, who have been pushing for a common minimum wage for years now, and have an even more ambitious goal in the long term: bringing the common minimum wage up to 60% of the average, not just the median wage - with largely the same goal as the socialists. Additionally, French president Emmanuel Macron has taken up the topic for himself and has been pushing it to the forefront ahead of the European elections. While the French liberals seem to be aiming for a less ambitious margin than the other actors, 50% of the median, they see another major potential benefit: Increasing the EU's legitimacy.

European supranational elites seem to be somewhat divided on the topic. Of the larger groups in the European Parliament, only the socialists and the greens seem to fully support the common minimum wage, whereas the conservatives and the liberals are divided on the matter. In both groups, some notable leaders, such as Macron and Juncker, have been pushing for the adoption of a common minimum wage policy of some kind, however, other parts of the group have been more critical. In general, the liberals seem to be a bit more open to the idea, whilst the conservatives are more cautious.

The main opponents of the common minimum wage analysed here are EU member states without a minimum wage, eurosceptics and BusinessEurope. The reasons for this vary greatly and range from ideological opposition to any kind of further European integration to the unwillingness to move away from successful domestic wage-setting systems.

As our analysis has shown, different theories on European integration can explain this to different degrees. Especially neofunctionalism would have expected the introduction of a common minimum wage at an earlier point and is the only theory that would expect a true step

towards deeper integration of the EU in the form of treaty changes giving the EU additional competencies, which seems rather unlikely at this point in time. Should a treaty change become reality, the relevance of neofunctionalism for this topic should be reevaluated, however, for now the theory does not appear to be particularly suitable to explain the developments around the common minimum wage.

Liberal intergovernmentalism fares a bit better and can explain the lack of any policy at this point. However, the theory struggles to explain the behaviour of the German government which does not act like a single entity, which also makes the theory not fully suitable to describe the issue.

The theory of differentiated integration does an even better job explaining the current situation, and the lack of any policy is exactly what the theory would expect in this case. Should this trend continue, the theory would largely be supported. However, should a common minimum wage of any kind be introduced, the theory would start struggling to come up with an explanation.

Finally, the theory that best explains the current common minimum wage situation is postfunctionalism. The positions of basically all of the actors analysed appear to be driven by ideology and party politics, and the overall situation is the sum of these positions. As a result, postfunctionalism would expect the actors to maintain their positions for the most part, making the development of a formal common minimum wage along with changes to the treaties very unlikely. The theory could explain both an intergovernmental common minimum wage and the continuation of the status quo.

While the stances of all relevant actors as well as their reasoning have been presented and connected to the theories, the answer to the last part of this thesis' main research question has not yet been given: What does this mean for the chances of a common minimum wage policy to be introduced?

As far as the introduction of formal common minimum wage legislation including changes to the treaties giving the EU competencies on wage policy is concerned, the chances appear to be rather slim. While a notable section of the key actors would support such an instrument, and finding simple majorities in the Parliament and among member states seems feasible, making any major change to the treaties required the unanimous support of the member states. This currently appears to be rather unlikely, as both the states without national statutory minimum wages and those with eurosceptic parties as part of their government would most likely not agree with such a move, as such a piece of legislation would be directly opposed to their

interests and/or ideology. Furthermore, groups such as *BusinessEurope* would likely lobby against this kind of common minimum wage, potentially swaying some of the undecided decision makers to oppose it. Of the theories we have looked at in this thesis, only neofunctionalism would expect this to happen, and even this seems to be more a sign of the theory's weakness rather than a reason why a common minimum wage should be introduced in this form.

However, the situation might be different for the development of an intergovernmental agreement on a common minimum wage. Such a policy could potentially be more flexible, does not require changes to the treaties and may not deter as many key actors. This may be especially true for eurosceptic governments, which are highly unlikely to agree to the shift of competencies required for a formal minimum wage as part of EU legislation but have tried to push for minimum wages or similar policies in their own countries. A good example of this is *Lega*, who have backed large extensions of the welfare state in Italy.

At the same time, such an agreement may make it easier to include exceptions for countries without domestic minimum wages. For the reasons discussed above, for most of these countries - especially the Scandinavian ones - it seems unreasonable to assume they would be willing to take part in any type of minimum wage agreement in the near future. Thus the only way to implement a common minimum wage would be to allow for exceptions for these countries.

While the SPD, the French government, S&D, the European Greens, and the ETUC have all stated that they want a European regulation on minimum wage, it seems likely that they would accept an intergovernmental agreement instead. Especially for the socialists, greens, and the ETUC, the minimum wage is mostly about improving the situation of low-income families and reducing the share of the working poor, a goal that an intergovernmental agreement can fulfil just as well as any sort of formal EU legislation. These actors would likely also not be deterred by a potential exemption of the Scandinavian countries, as these already sport low numbers of working poor and relatively low economic inequality.

The situation is slightly different for the liberals, especially *LREM*. Here, increasing the legitimacy of the EU is seen as highly important, and an intergovernmental agreement is most likely not going to be able to achieve this. However, as the respective section above shows, the European liberals have also been worried about common social policies overwriting functioning national systems - which an intergovernmental agreement would not. It thus seems likely that all actors supporting a formal minimum wage would support an intergovernmental agreement as

well - albeit less enthusiastically - while those opposed to a formal agreement are far less likely to oppose it. This would also be well in line with the expectations of both postfunctionalism and liberal intergovernmentalism.

Finally, the other somewhat likely, if not the most likely option is the continuation of the status quo. While it is possible that enough opponents of the common minimum wage could be swayed towards an intergovernmental agreement, this is all but guaranteed. It is very much possible that not enough member states would be willing to take part for such a policy to be worthwhile, especially considering the six states without a domestic statutory minimum wage would likely be exempt from the beginning. This is also what the theory of differentiated integration would expect,

This leaves us with two options: an intergovernmental agreement and continuation of the status quo. Which of the two will become reality seems to mostly depend on the willingness of the key actors of the minimum wage to compromise and the willingness of the policy's supporters to invest additional political capital. Another major factor could be the allegiance of the next president of the European Commission. As of the finishing of this thesis, the position is still vacant, with Manfred Weber from the EPP and Frans Timmermans from the S&D the most likely candidates. Should Timmermans, or another supporter of the common minimum wage be brought into office, it seems likely that the introduction of such a policy will be attempted in earnest. Otherwise, it seems probable that the current situation will continue for at least the next couple of years.

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## 7. Appendix - Data

This appendix lists all documents used in the analysis part of the thesis. In addition to these documents, a range of twitter accounts were searched for information on a common minimum wage. Accounts were searched using the keywords “minimum wage” “europe” and “from: [account name]”. For German, the keywords were replaced with “mindestlohn” and “Europa”, for French accounts with “salaire minimum” or “smic” and “europe”. Data was collected until the 09.06.2019. All tweets with an earlier date were considered for the analysis. Accounts searched were: @enmarchefraincais; @nathalieloiseau; @emmanuelmacron; @cdsubt; @cdu; @akk; @manfredweber; @andreanahlesspd; @spdeuropa; @spdde; @spdbt; @katarinabarley; @olafscholz; @etuc\_ces; @businessseurope; @timmermanseu; @aldeparty

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