


The Politics of the European Minimum Wage: Overcoming Ideological, Territorial and Institutional Conflicts in the EU Multi-level Arena

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Abstract

Until recently, the idea of a European minimum wage (EMW) policy had never taken concrete shape, due to the heterogeneity of national wage-setting and collective bargaining institutions, uncertain EU competence on the matter, and widespread scepticism amongst political actors. In 2022, however, the EU adopted a directive on adequate minimum wages. How did this make it to the EU agenda, despite the many political, territorial and institutional tensions? What coalitions supported and opposed it? Based on a reconstruction of the policy process substantiated by an analysis of news media data and 14 interviews, this article investigates the multi-level politics of the EMW. It shows that, despite enduring ‘euro-social scepticism’ in northern Europe, the emergence of pro-minimum wage coalitions in key member states and the increase of party-competition dynamics at the EU level were crucial in overcoming the lines of conflict that had long hindered EU initiatives on minimum wage co-ordination.

Keywords: collective bargaining; European minimum wage; Social Europe; von der Leyen Commission; wage-setting

Introduction

Since the 1990s, many voices have called for a co-ordinated European minimum wage (EMW) policy, with a view to counteracting the spread of low-paid jobs and bringing more substance to Social Europe (for a review, see Schulten, 2008). Nevertheless, as in the case of other euro-social initiatives (Ferrera, 2017; Vesan and Corti, 2019), deep-rooted institutional, territorial and ideological divides have long prevented EMW proposals from gaining momentum. The formation of a strong support coalition across Europe was hindered by the heterogeneity of national wage-setting and collective bargaining institutions, uncertain EU competence on the matter, and widespread scepticism not only on the side of conservative parties and business organizations but also amongst trade unions (Busemeyer et al., 2008; Höpner and Schäfer, 2012; Seeliger, 2018).

Despite the adverse institutional–political context, in 2020, the EMW finally made it on to the agenda of the European Commission (EC). In her first State of the Union address, the newly elected President of the EC Ursula von der Leyen, a distinguished member of the European People’s Party (EPP), announced that ‘the Commission [was to] put forward a legal proposal to support Member States to set up a framework for minimum wages’ (von der Leyen, 2020). A proposal for a directive on adequate minimum wages in Europe was then launched in October 2020 (EC, 2020) and finally approved by the

European Parliament (EP) and the Council in September/October 2022, despite the bitter reaction of Nordic member states as well as Hungary and Poland. After a decade of austerity and internal devaluation in the EU (Johnston and Regan, 2016), the directive constituted a paradigmatic shift in EU's intervention on wage-setting issues (Schulten and Müller, 2021). It put flesh on the bones of the European Pillar of Social Rights (EPSR) that was launched by the Juncker Commission in 2017 and that included a non-binding principle on 'worker's right to fair wages'. Surprisingly, the EMW directive came from the Commission led by von der Leyen – a leader whose political family had long been sceptical towards state intervention (let alone EU intervention) in minimum wage regulation.

This article seeks to explain this shift in EU social policy-making by addressing the following questions. What territorial, institutional and political conflicts (across countries and political groups) shaped the debate around the EMW directive? What made it possible to overcome these conflicts, so that the directive entered the agenda of the Commission and was finally established? To the best of the authors' knowledge, there is a lack of literature on the politics of the EMW. Few recent contributions have focused on the politics of national minimum wage regulations (Kozák and Picot, 2021; Mabbett, 2016), whilst the literature that specifically focuses on EU-level minimum wage mainly consists of comparative policy papers, opinion papers or technical reports (amongst others, Marchal, 2020; Schulten, 2008; Schulten and Müller, 2021). By studying the multi-level politics of the EMW, this article ventures into uncharted territory. We uncover the political dynamics that led to the emergence of coalitions supporting (and opposing) the EMW directive both at the EU level and in key member states.

In order to do so, we combine two methods. First, we conduct a systematic analysis of policy-relevant actions extracted from newspaper articles by drawing on the 'policy process analysis' (PPA) methodology (Bojar et al., 2023). We complement this with in-depth process tracing, which uses qualitative evidence (documents, interest groups' publications, secondary literature and 14 interviews) to unveil the causal mechanisms, that is, the sequence of events that, given the specific socio-economic context and the realignment of the policy positions of crucial actors, led to the formation of a broad cross-national coalition supporting the EMW. Whilst the quantitative analysis of the public debate through news media data is useful for identifying the actor coalitions that emerged from the complex interweave of territorial, institutional and ideological conflicts spurred by the EMW issue, process tracing allows us to reconstruct the political dynamics that made it possible to overcome multiple conflicts, including 'behind-closed-doors' negotiations that are poorly reflected in media coverage.

The next section presents the policy background and the analytical framework. The second section systematically delineates the actor coalitions and political conflicts through the analysis of news media data. The third section reconstructs the policy-making process, shedding light on the multi-level political dynamics behind the EMW directive. The last section concludes and elaborates on the implications of our findings for future research on the politics of EU social policy.

I. The Institutional Context: Varieties of Minimum Wage Policies in the EU

In the EU, minimum wage regulation has traditionally been a national prerogative. Wage-setting systems differ widely across member states, as does the role of trade unions

and collective bargaining. Table S1 reports the main indicators reflecting this institutional diversity: the presence or lack of a statutory minimum wage, union membership, collective agreements' coverage and the mechanism for their extension. In the first place, whilst 21 member states have some sort of statutory minimum wage, in Austria, Cyprus, Denmark, Finland, Italy and Sweden, sectoral minimum wages are set through collective agreements. In some member states, the two institutional mechanisms coexist: Statutory minimum wages are complemented by more or less comprehensive collective bargaining coverage. In countries where minimum wages are set through collective agreements, a decline in trade union membership (which is in fact shrinking in virtually all member states: see 'union density' in Table S1) and in the coverage of collective agreements may decrease the system's ability to guarantee a minimum wage to the entire workforce (Schulten, 2014). A telling example is Germany, which introduced a statutory minimum wage in 2015, departing from a collective bargaining-based regime whose efficacy was undermined by the declining capacity of sectoral agreements to cover an increasing number of non-standard workers (Mabbett, 2016). Minimum wage systems also differ in the mechanisms for the extension of collective agreements (Table S1). In particular, in Denmark and Sweden, where minimum wages are set by social partners through sectoral agreements without any interference from the state, it is not possible to extend collective agreement to companies and workers that are not directly covered (the 'Nordic model' of industrial relations).

In the face of the growing inadequacy of minimum wage standards and increasing rates of in-work poverty, the EC published its proposal for a directive on adequate minimum wages in the EU on 28 October 2020. Given its fragile legal basis (Aranguiz and Garben, 2019), the proposal does not oblige member states to set minimum wages by law, nor does it impose minimum wage levels. Instead, it provides a framework for minimum standards, with a view to respecting and reflecting member states' competences and social partners' autonomy in the field of wages.

The directive is structured around three main axes:

- 1 The promotion of procedures for setting and updating effective minimum wages for those workers entitled to a minimum wage under national law: The suggested minimum decency threshold for the adequacy of minimum wages is 60% of the gross median wage and 50% of the gross average wage for full-time workers (the so-called 'double threshold').
- 2 The strengthening of collective bargaining as the main instrument for ensuring fair wages and working conditions: Countries where collective bargaining covers less than 80% of workers are called upon to establish an action plan to promote it.
- 3 Guaranteeing the effectiveness of the system and monitoring, first, by adopting measures to ensure that the social partners are effectively involved in the setting and updating of statutory minimum wages and, second, through the establishment of a mechanism for monitoring the coverage and adequacy of minimum wages.

Overall, the main aim is to ensure that minimum wages are set at an adequate level and that each worker can earn a decent living in the EU. When launching the proposal, the EC explicitly argued that 'when set at adequate levels, minimum wages do not only have a positive social impact but also bring wider economic benefits as they reduce wage inequality,

help sustain domestic demand and strengthen incentives to work' (EC, 2020). This reflects an important political shift on the side of the commission, in that adequate minimum wages and strong collective bargaining are no longer viewed as impediments to 'flexibility' and 'competitiveness' – as was the case during the euro crisis (Johnston and Regan, 2016) – but instead as preconditions of inclusive growth in Europe. With the shift from the Barroso to the Juncker Commission, relevant changes had already followed in the social policy discourses of the commission and in the governance of the European Semester (Vesan et al., 2021; Vesan and Pansardi, 2021; Zeitlin and Vanhercke, 2018). However, no specific social policy directives were introduced (Graziano and Hartlapp, 2019). In this light, the EMW directive constitutes a relevant step forward in the direction of a more social Europe, which materialized in the institutionally complex and politically contentious domain of wage-setting (Schulten and Müller, 2021).

II. Analytical Framework: The Lines of Conflict Over EU Minimum Wage Policy

Several hurdles have long constrained the development of the 'social dimension' of the EU: the fragmentation of political institutions, cultural and socio-economic heterogeneity across the member states, and the pre-emptive role of the existing national welfare states (Obinger et al., 2005; Scharpf, 2002). In the aftermath of the Great Recession, moreover, (territorial) conflicts over cross-national redistribution gained prominence (Ferrera, 2017). It is thus no surprise that, from its outset, the EMW debate was marked by strong divisions both within and between member states, as well as between political and social actors. Building on Ferrera (2017; see also Vesan and Corti, 2019), we differentiate between the following dimensions of conflict over the EMW: (i) ideological conflicts (market making vs. social justice), (ii) territorial conflicts (western high-wage vs. eastern low-wage countries), (iii) conflict over the institutional status quo (national welfare legacy vs. the European Social Model) and (iv) the integration–demarcation conflict (national sovereignty vs. European integration).

Ideological Conflict (Market Making vs. Market Correcting)

Traditionally, the debate over minimum wage has pitted supporters of the free market and promoters of state intervention in the economy against each other. The former, on the right (liberal-conservative) side of the political spectrum, oppose increases in minimum wage levels to the extent that they would hinder job creation and competitiveness, finally resulting in lower employment rates. On the other side, left-leaning supporters of an active market-correcting role of the state argue that minimum wages increase the standard of living for the poorest and most vulnerable class in society, thereby stimulating aggregate consumption with positive effects for the whole society.

The conflict over minimum wage thus constitutes one of the defining features of the left–right cleavage, with trade unions and allied socialist parties confronting employers' associations and (often) conservative parties on this issue.

Territorial Conflict (Competitive Advantage vs. Social Dumping)

The introduction of a minimum wage is a particularly complex political endeavour in heterogeneous political communities, as territorial differences in levels of economic

development are likely to foster conflicts between regions or states. In a common market where there are differences in wage levels, the interests of producers (both employers and workers) in high-wage areas are likely to diverge from those in low-wage areas. As cheaper labour constitutes their main comparative advantage, social programmes and macro-economic policies raising workers' reservation wage will be seen as a threat in the least economically developed regions. By contrast, wealthier territories have an interest in establishing higher 'social floors' for fair competition (i.e., retaining jobs). Therefore, low-wage/low-welfare countries, in addition to being unable to afford high social standards, have an incentive to maintain their main competitive advantage in the common market. Richer member states find themselves in the opposite situation, as they would benefit from the higher minimum wage standards to avoid 'social dumping' – i.e., downward pressure on their social standards due to competition from countries where labour is cheaper – especially insofar as the establishment of a minimum wage regulation would not imply public expenditure increases (cf. Scharpf, 2002).

In the context of the EU, this second line of conflict over the EMW is closely interrelated with territorial politics. Since the eastern enlargement in the early 2000s, it has had a recognizable geographical dimension, which runs from east to west, that is, from lower to higher wage economies, respectively.

Institutional Conflict (National Welfare Legacies vs. EU Social Policy)

The third line of conflict concerns cross-country institutional diversity, which is considerable in the context of the EMW (see previous section). Although this dimension was not included in Ferrera's (2017) original reflection on Social Europe, it was identified as a crucial factor in the implementation of the Europe 2020 anti-poverty strategy (Jessoula and Madama, 2018, p. 193). This line of conflict pits those countries that want to protect the status quo of the national welfare model against the actors most interested in harmonizing national regulatory mechanisms in the framework of a common European Social Model. In the early 1990s, scholars began to emphasize the pre-emptive role of existing national social arrangements, which were deemed to have an autonomous role in explaining mistrust, or even outright opposition, to a greater role of the EU in the regulation of social policies (Scharpf, 2002). Well-established national welfare legacies may in fact constrain the options available to authorities at the European level. As observed by Pierson (1993), once adopted, welfare policies undergo a gradual process of institutionalization: Established programmes generate sunk costs and networks of political interests that are likely to diminish the prospects for radical reform. Following on from this, proposals to introduce social policies (or regulations) at the supranational level will meet the opposition of national actors whose resources and legitimacy depend on their role in the implementation and/or the governance of domestic social institutions. In terms of minimum wages, this is mostly the case for trade unions, especially in national systems where sectoral wage standards are set through collective bargaining (and not by law) or where unions are responsible for the administration of work-related welfare payments – typically in the Nordic model (Schulten, 2008). An EMW does in fact imply some degree of an EU-wide minimum wage system, which could endanger established social arrangements and policy-making patterns, whilst perhaps also contributing towards lowering wage levels in some sectors (Seeliger, 2018).

On the other hand, the Europeanization of this political debate could provide a significant opportunity for political actors who are unsatisfied with how the minimum wage is regulated in their countries. These actors may find it convenient to invest resources in changing European procedures and mechanisms ‘from within’, with a view to reaching their long-term organizational and political goals (Pavolini and Natili, 2020). In other words, if an actor’s short-term goal – i.e., modifying the way the minimum wage is set nationally – is hindered by domestic opposition and veto points, European regulation can be used to overcome possible hurdles at the national level.

Integration–Demarcation Conflict (European Integration vs. National Sovereignty)

Finally, the fourth line of conflict more broadly concerns the ‘powers of Brussels’ vis-à-vis the defence of national authority. The juxtaposition between supranational centralization and national sovereignty, between more versus less integration, has become an increasingly salient and constitutive dimension of the EU political space (Grande and Hutter, 2016). Authors such as Kriesi et al. (2006) have argued that a new fault line between opponents and proponents of globalization – and EU integration alike – has reshuffled the national political spaces of EU member states. Whilst, in the case of the ideological conflict discussed above, the left–right divide is structured along economic considerations (market making vs. market correcting), the integration–demarcation conflict is best embodied by Eurosceptic political forces, which exploit cultural and identity issues (e.g., anti-immigration sentiments) for electoral purposes.

This line of conflict potentially affects the political feasibility of the EMW insofar as the adoption of such measures would attribute competence in a sensitive policy area to the supranational level, increasing the power and relevance of the EU for national citizens. Therefore, Eurosceptic actors would oppose the EMW, whilst pro-EU élites could have an incentive to promote European initiatives on fair wages for the sake of stemming the rise of Eurosceptic sentiments amongst vulnerable citizens, who would generally welcome wage guarantees and protection against foreign labour competition (Kriesi et al., 2006).

III. Research Design and Methods

Although the presence of these lines of conflict is recognized in the literature, we still know little on how they interact and how they contribute to the formation of more or less stable coalitions regarding an EMW policy. In order to address this issue, we first rely on the systematic analysis of news media data, coded along the PPA method (Bojar et al., 2023). PPA is a specific form of political claims analysis (PCA) (see Koopmans and Statham, 1999), which also incorporates elements from other methods previously employed to study protest events (protest event analysis; Hutter, 2014) or contentious politics (contentious episodes analysis Kriesi et al., 2019), all based on the systematic coding of media data. It aims to capture the public face of the policy-making process by providing a fine-grained picture of the actor positioning, discursive framing and coalitions emerging from the mass media.

We constructed a database of EMW-relevant policy actions taken from international and EU-specific press. The policy actions were extracted from a corpus of 2527

newspaper articles gathered from the online news archive Factiva for the period January 2010–April 2022, based on the following keywords: ‘minimum wage’; ‘EU’ or ‘European Union’ or ‘Europe’. More details on the sources are given in Appendix S3. The database comprises a total of 304 policy actions, which we broadly define as an act or a claim by an actor with a relevant role in the political world that has a direct or indirect relevance for the policy debate. Therefore, actions include both actors’ claims on the issue of minimum wage co-ordination in the EU (not necessarily on the EMW directive *stricto sensu*) and concrete policy-making or administrative steps. We coded each action so as to capture the main characteristic of the actor undertaking it and the arena where it takes place, its procedural form and overall direction vis-a-vis the policy, and the issues it engages with. Table S2 provides the basic descriptive statistics of our database, broken up by actor type (EU institutions, member state groups and others from civil society) and political orientation (based on party affiliation or on the colour of the government for the EP and member state actors; ‘n.a.’ for formally non-partisan institutions).

We also sought to identify the ‘frames’ that were emphasized by different societal and political stakeholders in the public debate in order to make their position heard (Schäfer and O’Neill, 2017). Specifically, we assigned frame codes to a subset of policy actions (typically claims, quoted directly or indirectly by the newspaper) where the actor was providing a normative justification or a narrative linked to one or more of the four lines of conflict discussed in the previous section (ideological, territorial, institutional and pro/anti-EU). We included information on the ‘direction’ of such frames with regard to the respective line(s) of conflict by assigning the codes ‘−1’ (negative reference to a frame), ‘0’ (the action refers to a line of conflict, but the actor does not take a stance on it) or ‘+1’ (positive reference to a frame) (see Table S3). As the lines of conflict are theoretical constructs, the coding of frames and their direction unavoidably implied some degree of discretion. In order to minimize this, both of the two authors coded the frames. When checking the consistency of the codes, we obtained a K coefficient of 0.56, that is, ‘moderate’ agreement between the coders according to Landis and Koch (1977). The patterns described in the next section do not change substantively when using either of the codes.

We complement evidence from news media data with an in-depth qualitative reconstruction of the political process. Specifically, we took an inductive approach (although still guided by the theoretical framework outlined above) and conducted explaining-outcome process tracing (Beach and Pedersen, 2013) to reach a more dynamic understanding of how the conflict structure shaped the policy-making process and the factors that made it possible to overcome territorial, political and institutional conflicts. Qualitative evidence is drawn from a variety of sources: documentary analysis of legislative and policy documents, interest groups’ publications, and secondary sources. In addition, we conducted 14 semi-structured interviews with representatives of EU institutions, parties and trade unions. Interviewees were selected with a view to covering both the variety of actors involved in the EMW debate and different countries of origin (Appendix S1 provides the list of interviews).

IV. Unravelling the Lines of Conflict Behind the EMW

In order to understand which lines of conflict prevailed in the debate surrounding the EMW, how they were intertwined and what coalitions emerged around them, this section

illustrates the results of the news media data analysis. We start by examining the general actors' positions on EMW-related issues. The 'direction' of the policy actions is particularly important for our analysis. We coded actions that showed a positive stance towards EMW (e.g., praise, support or a call for further action in that respect) as '1', those opposing EMW (criticism, threat, refusal to take action etc.) as '-1' and neutral actions such as formal institutional actions or clarifications as '0'. Figure 1a shows the average position (-1 to +1) for different types of institutions/actors and member state groups; Figure 1b breaks down the average positions by the actors' ideological orientations for the EP and member state groups. The underlying descriptive statistics are reported in Table S4.

Starting with EU institutions, Figure 1 shows that the EC and the EP were, on average, supportive of the EMW, whilst the opposite holds true for the European Council and the Court of Justice. In the parliament, as the next section will explain in more depth, (centre-) left forces took the lead in the EMW debate. Figure 1b shows that 74% of EP actors coming from left-wing groups were in favour (0.87), whilst populists and Eurosceptics were against. Right-conservative groups on average took a neutral position. The latter value conceals a vast heterogeneity between conservative parties in the east and the west (Figure 1b). In the core member states of western Europe, on average, centre-right parties were actually quite in favour of the EMW (0.20). By contrast, in the eastern periphery of the EU, the political polarization was marked by the juxtaposition of centre-left (0.60) and (radical right) Eurosceptic forces (-0.75). All actions in our database coming from southern countries were favourable towards the EMW. By contrast, the Nordic member states were almost entirely against the idea of the EMW (-0.80), regardless of their (left-wing) political affiliation. The left-right divide was, instead, best reflected in the contrasting positions of employers' organizations and trade unions, which opposed and supported the EMW, respectively (Figure 1a).

To better characterize these positions, we turn to analysing how the actors framed their actions along the different lines of conflict discussed above. First of all, the institutional line of conflict that pits defenders of national social models and supporters of EU-wide social policy against each other was by far the most salient amongst the policy actions examined (39% of the frames: Table S5 reports frame frequencies). Around 25% of the declarations referred to the state-market conflict, 14% to actions where both the state-market and the EU-vs.-national social policy frames were present and 12% to social dumping matters. The remaining (combined) frames took marginal shares, including the integration-demarcation conflict (5% when mentioned together with EU vs. national social policy, and less than 1% alone). We used the latter frame only for 15 actions, mostly in cases of demarcationist stances taken by the Hungarian government or by populist-sovereigntist parties such as the German *Alternative für Deutschland*.

Figure 2 summarizes the positions taken by political actors (a) and member state groups (b) on the various lines of conflict. Table S6 presents the underlying statistics. The state-market conflict reveals the 'usual' actors' alignment only for social partners (unions in favour of state intervention, business actors against), whilst all party families were on average in favour of state regulation of the EMW. The pattern changes when focusing on the EU-vs.-national social policy dimensions: Only centre (for the most, Macron's *La République En Marche*) and left parties remain on average in favour of EU intervention, whilst all other political actors show negative average positions (including unions, this result being driven by the stance of Nordic unions). Ideological

Figure 1: Average Positions of Policy Actions Taken Towards EU Minimum Wage, for Political Actors and Member State Groups (a), and by Political Orientation (b).

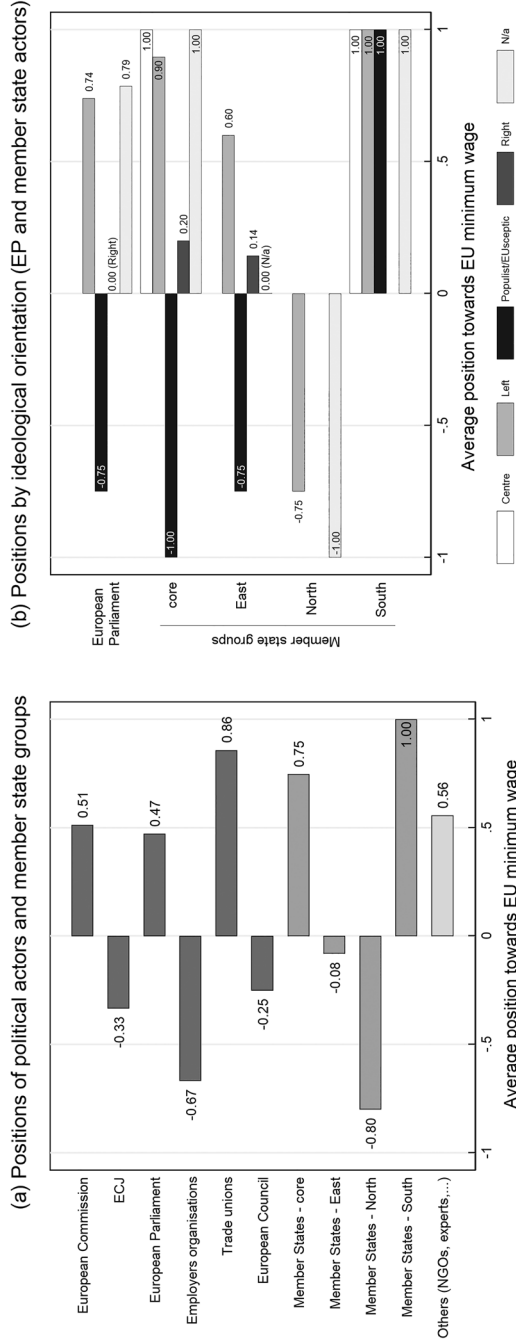
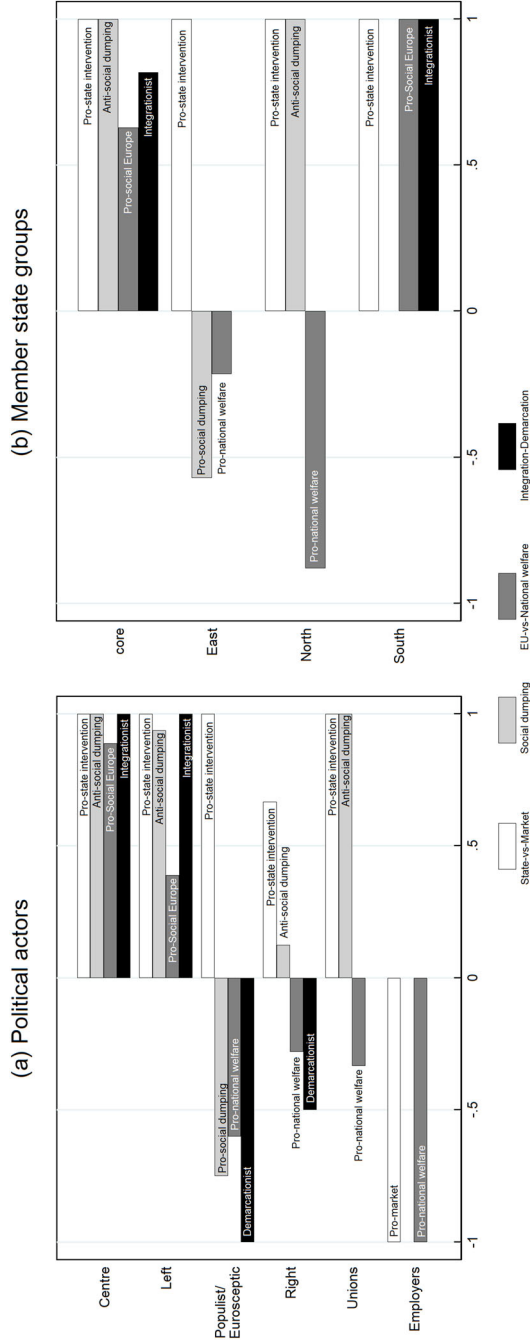


Figure 2: Average Positions Taken by Political Actors (a) and Member State Groups (b) on the Four Lines of Conflict (Frames). [Colour figure can be viewed at [wileyonlinelibrary.com](https://onlinelibrary.wiley.com/doi/10.1111/jcms.13526)]



inconsistencies also emerge. Whilst, on average, leftist actors favour state over market solutions, want to avoid social dumping and are in favour of EU intervention in the social domain, preferences amongst centre–right actors appear less clear-cut. They value state intervention and oppose social dumping practices, but they lean towards the defence of a national social model rather than an EMW framework. This suggests that, with the notable Nordic exception, left-wing forces were able to overcome territorial conflicts, which, in contrast, are still relevant across the board for right-wing political actors. The acceptance of the EMW on the side of centre–right parties was more gradual; as the next section illustrates, in the case of the German Christian Democrats (CDU), it was, in any case, driven by national political–coalitional dynamics.

Core EU member states supported the regulatory intervention of the EU in the single market (which strongly overlapped with anti-social dumping and pro-Social Europe stances), whilst eastern member states mostly spoke in accordance with their interest in defending their competitive advantage (i.e., lower wages) in the single market. In line with expectations, fault lines over social dumping emerged between the east and the west. Overall, continental and southern European member states consistently supported the EU intervention on minimum wage matters, which was instead opposed by Nordic and, to a lesser extent, eastern countries. As illustrated in the next section, Nordic parties and unions are still highly sceptical today towards the attempt at co-ordinating minimum wage regulations across member states, as they see EU interference as a threat to the high social standards typical of the Nordic model of voluntary collective agreements.

V. Overcoming Multi-dimensional Conflicts: The Long Road Towards the Adoption of the Directive on Adequate Minimum Wages

The idea of developing an EMW framework has sparked lively discussion since the early 2000s. In the EP, the first proposals were launched by the French Socialists after the eastern enlargement (Schulten, 2008), and the debate was then revived in the wake of the economic and sovereign debt crises (Interviews 3 and 14). The idea, however, did not find cohesive support, not even amongst the European Social Democrats (S&D) nor in the European Trade Union Confederation (ETUC), mostly due to the opposition of countries where minimum wages were set through collective bargaining (i.e., Nordic countries, Germany, Austria and Italy) (Busemeyer et al., 2008). If, on the one hand, the ‘institutional conflict’ divided the left front, on the other, the Barroso Commission remained overall agnostic in relation to the social dimension (Crespy and Menz, 2015), thus preventing EMW proposals from gaining momentum (Interviews 3, 9 and 14).

The internal divisions within the leftist front began to attenuate following the introduction of a statutory minimum wage in Germany in 2014 (Interview 3; Mabbett, 2016). This implied that Europe’s engine – Germany – was no longer amongst the countries defining minimum wages through collective bargaining only, modifying the position of German trade unions regarding an EU initiative (Interviews 10 and 14). This shift in German domestic politics was soon reflected in the EU arena. The Vice-President of the German Social Democratic Party’s (SPD) grouping in the Bundestag, Axel Schäfer, immediately backed the French Socialists’ call for an EMW, arguing that ‘a law [was] necessary because the unions [were] not strong enough in Europe’ (Euractiv, 2013). With the campaign for the 2014 EP election, for the first time, the S&D explicitly supported such

initiative (Interview 3; Euractiv, 2014). Martin Schulz, the President of the EP and the chosen candidate for the EC Presidency on the Social-Democratic side, promised to campaign for an EMW for tackling social dumping, making explicit reference to the recent achievement of his party in Germany (Euractiv, 2014).

After the 2014 election, with the Junker Commission, a new impetus was given to the EU social agenda (Vesan et al., 2021). The EMW issue initially entered the debate with reference to the application of a national minimum wage regulation for seconded workers in the negotiations for the amendment of the Posted Workers Directive (Interview 3). More importantly, the EPSR, a non-legally binding proclamation of 20 principles and rights in the domain of employment and social policy, was formally launched in 2017. The EPSR included an article on workers' right to fair wages (Art. 6), which reads: 'Workers have the right to fair wages that provide for a decent standard of living [...]'. Yet, despite the presence of an EC that was more in favour of EU social initiatives, no specific commitment to EU action on minimum wage co-ordination was made.

Between 2017 and 2018, two intertwined factors contributed towards modifying multi-level political dynamics in this policy field. First, beneath the debate in the EU arena, in early 2017, the issue of an EMW framework became relevant in the national political debate in France and Germany. In France, during the electoral campaign for the 2017 presidential elections, *En Marche*, the new political group supporting the candidacy of Emmanuel Macron, vocally praised European integration and insisted on the need for a more social Europe to complement – and rescue – the EU (Clegg, 2022). Specifically, Macron supported a set of social rights to be codified at the EU level, including a 'minimum wage adapted to each country', arguing that the common currency will not survive otherwise (Financial Times, 2017a). Once elected, at the Social Summit held in November 2017, Emmanuel Macron further advocated convergence on minimum wage policy (Agence Europe, 2017; Interviews 5 and 12).

In Germany, Social Europe and the specific issue of the EMW entered the national political debate after the September 2017 political election in particular, when Angela Merkel's CDU had to turn to the SPD to form a government coalition. As the SPD agreed to talks with Angela Merkel on the formation of a new government, its leader Martin Schulz called for EU member states to commit to a 'United States of Europe' by 2025, setting out an ambitious European reform agenda, including a European framework for a minimum wage 'that ends social dumping' (Financial Times, 2017b). After initial scepticism, a coalition agreement between the CDU and the SPD was finally signed, which explicitly stated: 'We want to develop a framework for minimum wage regulations in EU countries. Those who consistently fight against wage dumping and social inequalities in economically weaker countries in Europe will also protect the welfare state and the social market economy in Germany' (Benz, 2019, p. 26). Moreover, on 1 May 2019, German trade unions mobilized their rank and file, asking for the implementation of a Europe-wide minimum wage and improved collective bargaining rights in the EU (Euractiv, 2019a). In sum, governments in two key member states as well as social and political actors began to mobilize for the intervention of the EU in the area of wages, not only on equity grounds (i.e., our 'ideological' lines of conflict) but also for the promotion of EU social policy interventions to protect national social models, that is, reframing what we called 'institutional' conflict between national and EU social policies as a win–win game.

The effects of the French and German governments' support for an increased role of the EU in regulating minimum wages became visible at the beginning of the electoral campaign for the renewal of the EP. Different EU political groups bet heavily on a European wage initiative to mobilize their voters. The demand for the introduction of an EMW was emphasized in the electoral manifestos of the S&D, the Left, the Greens-European Free Alliance and Renew. Interestingly, key socialist figures from eastern countries – such as the Slovakian Prime Minister Peter Pellegrini and various left-wing members of the European Parliament (MEPs) from Bulgaria and Hungary – also campaigned in favour of this measure (Agence Europe, 2019). In the aftermath of the 2019 parliamentary election, the council designated Ursula von der Leyen President of the Commission. It is in this context that the pressures from EU parliamentary groups became relevant, as von der Leyen needed to secure a political majority (Interviews 3, 5 and 11). In order to win over sceptics in the Socialist, Green and Liberal camps, von der Leyen presented a 'policy framework' that was big on environmental issues, social policy and gender equality and that pledged several ideas cherished by the S&D, including the EMW (von der Leyen, 2019; Interviews 3, 5 and 11).

The political dynamics that followed are particularly interesting, as the debate over the EMW became especially contentious and vocal opponents emerged. The 'institutional conflict' that pitted the defenders of national social models against supporters of EU social policy became central. In particular, Nordic governments repeatedly expressed their concern that a one-size-fits-all plan could undermine their national models and collective bargaining systems (Interviews 1, 4, 8 and 11). Despite efforts on the side of the Commission to reassure Nordic countries that the proposal would 'respect the traditions, the cultures and the national systems' and would not 'undermine in any way' the functioning of systems where salaries are regulated through collective bargaining (Euractiv, 2019b; Interview 2), in Nordic countries, unanimous opposition soon emerged (Interviews 1, 4, 6 and 11). The Danish Employment Minister Peter Hummelgaard Thomsen went as far as saying that sovereignty over labour market laws had always been a 'condition of Denmark's EU membership' (Bloomberg, 2021). In January 2021, the Swedish Parliament and, a month later, the Danish Parliament submitted reasoned opinions against the proposal. Moreover, Nordic social partners, and in particular Nordic trade union confederations, took a very firm position against the proposal of the EC on the grounds that it was contrary to the treaties and risked undermining their national social model (Interviews 1, 4, 7 and 14).

Despite such opposition, the ETUC praised the initiative of the EC (Interviews 3, 6, 7, 10, 11 and 14). Following an intense debate, the ETUC endorsed a call for a European directive, with 85% of the votes in favour. Eastern and southern trade unions supported the initiative – including Italy, where minimum wages are set through collective bargaining and which had long been sceptical towards an EMW (Interviews 6 and 14) – as they saw the directive as an opportunity for strengthening their bargaining power in the face of two decades of weakening of the labour movement in the EU periphery (Interviews 2, 3, 6, 7 and 11). On the opposite front, European employers' associations, and in particular BusinessEurope, harshly opposed the EU intervention (Interviews 6, 7 and 14). BusinessEurope went as far as to define it 'a recipe for disaster', arguing that 'pay and collective bargaining are for good reasons the competence of Member States and social partners in line with the principle of subsidiarity' (BusinessEurope, 2020).

The onset of the COVID-19 pandemic slowed down the policy-making process but did not stop it. On 18 May 2020, a joint Franco-German declaration referred to the need to ‘strengthen the EU’s economic and industrial resilience and sovereignty’, as well as emphasizing the need to build a pan-European framework for minimum wage regulation (Financial Times, 2020). In this context, the EC launched its proposal for a ‘Directive on Adequate Minimum Wages in the European Union’ in October 2020 (EC, 2020).

The draft EMW directive had to be approved (and amended) by the EP and the Council. Very different dynamics unfolded in these two institutions (Interviews 2, 3 and 11). In November 2021, the EP gave its green light under the guidance of the rapporteurs Denis Radtke (EPP, Germany) and Agnes Jongerius (S&D, Netherlands) – both former trade unionists. Overall, the EP proposed ambitious amendments in respect to the promotion of collective bargaining, the definition of ‘adequate’ minimum wage values, and the inclusion of taxes and social security benefits in the setting of statutory minimum wages (Interviews 8 and 11), as it considered the EC proposal too timid (Interviews 3, 8 and 9). The only opposition within the EP, beyond that of Nordic MEPs, came from the European Conservatives and Reformists (ECR) and Identity and Democracy (ID), thus suggesting a partial activation of the ‘integration–demarcation’ conflict (Interviews 8 and 11; see also Figure S1).

The negotiations were instead very difficult in the council (Interviews 3, 10 and 11). In April 2021, nine member states (Denmark, Sweden, Poland, Hungary, the Netherlands, Austria, Ireland, Greece and Malta – with the latter exception all led by conservative governments) expressed the wish for the council to opt for non-binding recommendations instead of a directive. The coalition of core and peripheral countries – which included the ‘big voters’, i.e., Germany and France, but also Italy and Spain – pressed consistently for the adoption of a binding initiative (Interviews 6, 7, 11 and 13). To overcome the concerns of smaller member states ruled by conservative governments, some of the dispositions included in the EMW proposal were watered down, in particular regarding the adequacy threshold for statutory minimum wages (Interviews 13 and 14). As the negotiation progressed, the defence of national systems remained the concern of the Nordic and eastern ‘demarcationist’ governments (Interviews 13 and 14). In December 2021, an agreement on a mandate for the negotiations on the EMW framework was finally reached – only Denmark and Hungary voted against it.

An informal agreement between the co-legislators on a compromise text for the EMW directive was reached in June 2022. This was formally endorsed by the EP on 14 September and by the Council on 4 October. Figure S1 shows the results of the roll-call vote in the EP broken down by party group and country of origin, confirming that the main territorial and institutional conflicts were largely overcome – the only exception being the Nordic countries – whilst the integration–demarcation conflict remained relevant, with ECR and ID opposing the initiative until the very end.

Our reconstruction of the policy path broadly confirms the consistency of the coalition blocs that emerged in the analysis of the news media data. Moreover, it allows for emphasizing the enduring relevance of the left–right conflict and its interaction and reciprocal influence with the ‘institutional’ conflict. The directive proposal entered the government agenda of the von der Leyen Commission when leftist actors were able to overcome their inner territorial–institutional conflicts and to gradually expand the pro-EMW coalition in the EU, with the Nordic states being the exception. For the latter, the institutional line of

conflict still remains a reason of concern. At the same time, governments in key member states (i.e., Germany and France) mobilized ‘positively’ in such a dimension, supporting the intervention of the EU in labour and social policy matters.

Conclusions

This article has showed that the policy process behind the directive on adequate minimum wages in the EU, proposed in October 2020 by the EC, was structured along ideological and territorial conflict(s) that were driven, respectively, by the emergence of pro-minimum wage coalitions in key member states (e.g., Germany and France) and by deep-rooted institutional differences in national wage-setting models. The latter fault line motivated the opposition of the Nordic countries (especially Denmark and Sweden), which took what we may call a ‘euro-social’-sceptic position by firmly defending their national social model against the intrusiveness of the EU once the EMW directive entered the agenda of the von der Leyen Commission.

Three aspects in particular emerge as crucial for this and, possibly, future analyses of the politics of EU social policy initiatives. First, this article has shown how long-standing national institutional legacies constrain the options available for expanding the European social dimension. In countries where minimum wages were set through collective bargaining – notably the Nordic ones, Italy, Austria and, until 2015, also Germany – governments and social partners were historically critical of the notion of an EMW, which could endanger established social arrangements and policy-making patterns, whilst perhaps also prescribing wage levels lower than current ones (Seeliger, 2018). The opposition to any EU intervention in national wage-setting arrangements on the side of Nordic social partners and governments goes exactly along this line. On the other hand, our reconstruction suggests that the institutional conflict between national welfare traditions and EU social intervention is not impossible to overcome. In some countries (e.g., France and Germany, but also Austria and Italy), it was actually resolved: The promotion of the EU regulation of minimum wages began to be considered key to strengthening (instead of threatening) national social institutions. This facilitated the formation of a novel coalition (promoted by leftist actors but extending well beyond), which was able to outnumber the opposition of Nordic countries and of ‘demarcationist’ forces in Hungary and Poland.

Second, ‘euro-electoral politics’ – i.e., the campaigns for the EP election and for EC Presidency – became relevant per se. In our reading, the fact that, to be appointed, von der Leyen needed the approval of the S&D and of other EP groups that had made the EMW a key electoral proposal crucially contributed to the inclusion of that issue in the agenda of the new Commission. A fundamental impetus to the EMW was given by the European Left. Initially promoted mainly by the French Socialists, with the adoption of the minimum wage in Germany, the support for this initiative became gradually wider within the S&D, finally including eastern and southern European affiliates as well, although this was also due to the long-lasting effect of the sovereign debt crisis on workers in the EU peripheries. Other forces of the progressive camp, including the Greens and the parties to the left of the S&D, also supported this proposal. Once these political actors were able to put the issue on the European agenda, and despite the persisting opposition of the Nordic affiliates, the European trade union movement joined the support coalition, overcoming barriers that had seemed insurmountable in the past. To wit, actors in favour

of market regulation were able to overcome harsh territorial divides on the EMW under a shared ideological dimension.

Whilst ‘pro-market’, conservative parties, and in particular the EPP, came to terms with this initiative, the only party family that systematically opposed this initiative was Identity and Democracy – i.e., the grouping of nationalist, right-wing populist and Eurosceptic national parties – whose members opposed the initiative both at the national level and in the European political arena. Hence, although it was less prominent than other conflict dimensions, the integration–demarcation divide also contributed to shaping the policy-making pattern in this policy field. As a matter of fact, opposition to the EMW coming from eastern Europe (*viz.*, from the Hungarian and Polish governments) was more motivated by sheer Euroscepticism than by the usual territorial divide between eastern and western member states, which is instead rooted in an interest-based perspective that views low salaries as a competitive advantage for eastern economies (Ferrera, 2017).

Lastly, this article has shown how electoral and coalitional dynamics at the national and European levels are deeply intertwined with the multi-level politics of Social Europe. National political events – like the decision of the SPD in Germany to make the introduction of the EMW one of the defining measures of its agenda in the national coalition government with the CDU, or Macron’s advocacy of the EMW as a response to social dumping in France – percolated into the European arena, thereby contributing to put EMW the directive on the agenda of the Commission.

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Supporting Information

Additional supporting information may be found online in the Supporting Information section at the end of the article.

Appendix S1. List of interviews.

Appendix S2. Background data on the institutional context: varieties of minimum wage policy in the EU.

Table S1. The relevance of statutory minimum wages, unions and collective agreements the wage-setting systems of EU27 countries.

Appendix S3. The EMW policy-action database.

Table S2. Policy action data: descriptive statistics by actor type and actors' political orientation.

Table S3. Frame codes used to identify the presence and direction of the four lines of conflict in the policy actions.

Table S4. Average position (–1 to +1) on EU minimum wage issues for different type of actors (EU actors and member state groups), by actors' ideological orientation (centre, left, right, populist-Eurosceptic, none). Number of actions included in each cell reported in parenthesis; negative average positions in black.

Table S5. Frequency statistics of 'line of conflict'-frames.

Table S6. Average position (–1 to +1) in respect to the four lines of conflict (frames), by political, social partners and member state groups. Negative average positions in black.

Figure S1. Proportion of "yes" votes over the total number of votes cast by party group and member state of MEP, EP plenary session 14 September 2022.