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Correcting Structural Asymmetry through Political Action? A Research on the Political Drivers behind the Momentum for Minimum Wage Legislation in the European Union

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Universiteit Leiden

**Correcting Structural Asymmetry through Political
Action?**

**A Research on the Political Drivers behind the Momentum
for Minimum Wage Legislation in the European Union**

Master thesis: MA International Relations/ European Union Studies

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Abbreviations

CDU:	Christian Democratic Union
EA(s):	Employers' Association(s)
EC:	European Commission
EP:	European Parliament
EPP:	European People's Party
EPSR:	European Pillar of Social Rights
ETUC:	European Trade Union Confederation
EU:	European Union
GFC:	Global Financial Crisis
MS(s):	Member State(s)
MW:	Minimum Wage
OMC:	Open Method of Coordination
S&D:	Socialists & Democrats
SMW(s):	Statutory Minimum Wage(s)
SPD:	Social Democratic Party of Germany
TFEU:	Treaty on the Functioning of the European Union
TSCG:	Treaty on Stability, Coordination and Governance
TU(s):	Trade Union(s)

I. Introduction

Adequate minimum wages (MWs) matter for the prosperity of modern societies and for ensuring a decent living for workers in normal times (Haapanala et al., 2022; European Commission, 2020). However, recent years have been anything but normal times for European citizen. Europe went from an unprecedented pandemic to witnessing a war on the continent. As indicated in Ursula von Der Leyen's 2022 State of the Union speech, these developments have put the European Union (EU) "in the deepest recession of its history". In these challenging times, an upsurge in inflation after years of stagnating wages means that many EU citizens struggle to make ends meet, while working poor, "a term rarely associated with European labour markets in the past, has become a widespread phenomenon in some Member States (MSs) of the EU" (Haapanala et al., 2022, p.1; Kersch, 2019, p.5).

In response to these challenges, the European Commission (EC) put forward a proposal for a "Directive on Adequate Minimum Wages" (AMWD). This Directive not only aims to promote adequate statutory MWs in the EU as a way of improving working and living conditions for millions of employees; but it also attempts to significantly strengthen collective bargaining as a way of combating in-work poverty (Council of the EU, 2022). This initiative represents a "watershed", as it is the first EU legislative intervention in MSs' wage-setting arrangements, an area which has long been considered as a national prerogative par excellence (Müller & Schulten, 2020b; Konle-Seidl, 2020; Sjödin, 2022). Kerneis (2021, p.1) speaks of a "landmark EU initiative" while Lillie (2023, p.1) perceives it as "a victory for European labour". Müller & Schulten (2022) characterize its scope and ambition as "historic" and even claim that it marks "nothing less than a paradigm shift for social Europe", a declaration which is also supported by Hassel (2023).

In the long history of EU's social policy-making, many voices have been advocating a coordinated European MW policy, not only with a view to prevent wage dumping as a consequence of the completion of the Single Market, but also as a way to strengthen the "social dimension of the integration process" (Schulten, 2008, p.429). These voices became louder after the 2004 Eastward enlargement, which triggered intra-European migration movements and created serious potential for downward pressures on both wages and labour standards in the more advanced social systems of most of the core European countries (Crespy & Menz, 2015, p.765). However, ambitious plans by Brussels' Institutions and certain political figures

to put a MW policy on the agenda have been watered down by deep-rooted institutional and legal constraints, ideological divides among political parties and the social partners as well as by the heterogeneity of national wage-setting and collective bargaining systems (Ferrera, 2017; Busemeyer et al., 2008; Roberts & Springer, 2022, p.14; Barnard, 2014, p.214). As a result, the establishment of a European MW policy never gained momentum.

Against this background and a few years after the Eurozone crisis, the Commission has taken a sharp turn and “has gone more on the offensive on the subject of social policy”, with European policymakers putting greater emphasis on the strengthening of social rights (Sjödin, 2022, p.274; Cova, 2022, p.126; Eurostat, 2022). A more creative marriage between social policy and the Single Market was pursued, in the first place, by the Juncker Commission with the adoption of the European Pillar of Social Rights (EPSR). This was then formalized by the von der Leyen Commission, which committed itself to build a social economy or “an economy that works for people” (European Commission, 2017; 2021). Issues such as the strengthening of the autonomy of social partners, the reinforcement of social dialogue and the protection of national wage-setting systems started dominating the Commission’s agenda, in stark contrast with its past preferences (Rainone, 2020; De la Porte, 2021). On that basis and with the EU still in its day-to-day crisis management mode, von der Leyen launched the proposal for the AMWD. After a decade of austerity measures and despite the fragile institutional, political and legal context, the AMWD was finally adopted in October 2022, signaling a “paradigm shift” in EU’s intervention in the domain of the national welfare State (Schulten & Müller, 2021).

This thesis seeks to unravel the political processes which created the momentum for this shift and to answer the following question: what are the political drivers behind the momentum for MW legislation in the EU? It aims to uncover the political dynamics that led to the emergence of a firm coalition supporting the AMWD, against strong political resistance by some of the MSs and opposition by leading Trade Unions (TUs) and Employers’ Associations (EAs). These political dynamics will be captured through the analysis of different conflicts between and within the multiple stakeholders, before delving into the critical question of what made it possible for the Commission to overcome these conflicts and succeed in establishing EU-level MW legislation. This is where the argument of the thesis comes in: changes in political constellations can empower some interests over others and allow for their preferences to be channelled through EU institutions in such a way that they cut across the existing institutional, economic, and ideological conflicts and allow institutional entrepreneurs, such as the

Commission, to advance integration through creative interpretation of the existing legal framework.

The thesis is structured in five sections. After the present introduction, a review of the existing research will situate this study in the academic literature, and clarify the analytical framework and methods used to identify the relevant political, ideological and institutional factors that led to the shift. The fourth section presents an overview of the past attempts to establish MW legislation in the EU, followed by an extensive analysis of the conflicts that prevented these attempts from bearing fruits. This chapter paves the way for the main analysis, where the focus is on unraveling the political processes that created the momentum for MW legislation. The final section summarizes the findings and raises ideas about future potential studies.

II. Literature review

In the EU, wage policy has traditionally been a national prerogative. This is enshrined in Article 153(5) TFEU, which contains an explicit limitation of EU's regulatory competence in matters related to pay. This provision has remained unchanged throughout the consecutive Treaty reforms and most scholars agree on the reasons. According to Scharpf (2002, p.648), the completion of the Single Market and the removal of barriers between national economies has legally reduced the amount of policy instruments available to the MSs' Governments to influence growth and employment in their own economies, as well as their capacity "to realize self-defined socio-political goals". Wages represent the main source of income for the majority of citizens and, hence, wage policy essentially dictates the standards of living as well as the performance of the economy, for which both MSs' governments are held politically accountable. This explains their reluctance to confer this "sensitive" competence or "the politically key task of social redistribution" to the complex political decision-making Institutions of the EU (Scharpf, 2002; Ferrera, 2017; Menegatti, 2017; Ryan,1997; Schulten et al.,2005).

Wage-setting systems and MW legislative approaches vary considerably across the EU (Fernández-Macías & Vacas-Soriano, 2016). In some MSs Statutory Minimum Wages (SMWs) have been established, while in others the wage floor is collectively agreed by social partners. Some MWs are cross-sectoral while others are sector-specific; some are relatively high while others are comparatively low. These structural differences, according to Scharpf (2002, p.651) correspond to "differing social philosophies" with "high political salience". In a multi-level polity, such as the EU, these are translated into policy conflicts among MSs along ideological, economic and institutional lines, which make agreements on common European social policies "extremely difficult and in many cases impossible" (Scharpf, 1999, p.77,83; 2002, p.651). How could the EU develop effective social policies when the MSs present such a diverse set of traditions and cultures and in a climate that "heavily emphasizes on competitiveness, deregulation and the need to reduce the so-called burdens on firms" wonders Falkner (1998, p.9) in the late 1990s.

Despite such diversity and conflicting preferences, wages remain a key element of labour market and employment regulation, with direct implications for the EU's competitiveness and growth strategies, and, in turn, for the European system of economic governance (Hassel, 2023;

Schulten & Müller,2015; Menegatti, 2017; Fernández-Macías & Vacas-Soriano,2016). The completion of the Single Market alongside with a neoliberal-driven balance of power in the Council of the EU throughout the 1990s, focusing heavily on market integration through the removal of barriers to trade, constituted “an increasing challenge to the welfare state’s institutional foundations”, and gave rise to many voices advocating for a coordinated EU policy on MWs (Ferrera, 2017, p.6; Schulten et al.,2005). This is because, according to Watt & Schulten (2007), a regulatory competition between MSs in a race to increased productivity was threatening to undermine social standards and suppress wages below the rate of productivity growth. Ryan (1997, p.317) highlighted that the EU’s deliberate inaction in relation to wage policy was “in direct conflict with the most basic rationale for Community intervention in the field of social policy”, which is preventing “competitive deregulation” or governments attempts to increase their economic competitiveness by decreasing social and employment standards. Based on principles of economic theory, he maintained that MWs were most likely to be negatively affected by this strategy of competitive deregulation. To counter these forces, Schulten et al. (2005, p.257) called for a “progressive politicization” of the wage issue while highlighting the urgency of a European MW policy.

Faced with an unprecedented enlargement and amid fears of growing labour migration from Eastern to Western Europe, the political context around a MW policy became “an embodiment of its contradictions” (Fernández-Macías & Vacas-Soriano, 2016; Schulten, 2008). Although it was in line with the social objectives of the 2000 Lisbon strategy (de la Porte, 2021), yet ideological and institutional preferences and differences among the MSs in a progressively institutionalized, and with more veto players, European Council “precluded any prospect of major re-regulatory social policy” (Crespy & Menz, 2015,p.754). This turn to intergovernmentalism, or as Smeets & Beach (2020, p.1138) put it “the dominance of MSs preferences vis-à-vis the EU institutions” in shaping the substance of social policies in conjunction with the lack of substantive competence to regulate wages put limits to the EU social policy-making (Scharpf, 1999; Crespy & Menz, 2015; Menegatti,2017; Falkner, 1998). The Global Financial Crisis (GFC) and the Eurozone crisis have significantly widened the social inequalities in the EU, while the response of the latter “was unfolded under the auspices of inter-governmental talks”, which championed an austerity agenda with neoliberal policy options, resulting in a situation where “social policy came to be absorbed by fiscal stabilization policy” (Streeck, 2018, p.19; Crespy & Menz,2015, p.762-63; Höpner, 2018).

Against this neoliberal background, a shift or, to put it differently, a re-hierarchization of economic and social priorities of the Commission, with an attempt to strengthen social rights and rebalance the EU's agenda in favor of social initiatives is observed (Schulten & Müller, 2021; Crespy & Menz, 2015; Pochet, 2021; Carella & Graziano, 2022; de la Porte, 2021a;b; Vandenbroucke, 2018). A clear expression of this new view is the EPSR that was launched by the Juncker Commission in 2017 and, more importantly, the AMWD, which put flesh on the bones of the EPSR.

In her article, Plomien (2018, p.292), highlights that the EPSR “represents the most encompassing attempt to raise the profile of social policy” during the last two decades while Garben (2019) foresees that in the post-Brexit era, commitments to EU social policy will be strengthened, and acknowledges that the Pillar represents a change to the “social displacement” to which the austerity measures had led to. Similarly, de la Porte (2021a, p.62) holds that the EPSR is a novelty which marks the beginning of a new era where the EU “explicitly aims to improve the social situation for individual citizens, despite having limited competencies in the social-labour market nexus”. According to de la Porte (2021a, p.64), three initiatives that followed the entry into force of the EPSR, could indicate a shift towards a European social union. Amongst them, the AMWD seems to be the most ambitious, yet highly controversial, given what is at stake for social partners and for the nationally regulated welfare state (Müller, & Schulten, 2022).

Vandenbroucke (2018) provides an interesting theory for the *raison d'être* of the EPSR, according to which the EPSR can be understood as the result of functional necessities of the economic and monetary integration and of normative aspirations that should be at the core of the European project, such as social cohesion and prosperity. This is not a new theory though, as Schulten already from 2008 (p.422) was pointing out that “predominant neoliberalism in EU policy” was actively increasing precarious and low-paid employment, while data from the EC (2004) also confirmed this development. Next to the functional and normative arguments, adds Ferrera (2017), there might also be political justification for the convergence of social rights in the EU. Or, as Carella & Graziano (2022, p.386) put it, a radical policy change on EU social strategy will occur when there will be “preference convergence among the various top decision-making actors involved”.

Following the recent debates on EU social policy one can conclude that there are deep concerns and disagreements among scholars on how serious this social turn is, mainly due to the non-

binding nature of the EPSR and the early measures that derived from it (Ferrera 2017, De la Porte, 2021a;b; Garben, 2019; Plomien, 2018). However, while all these debates were unfolding, the AMWD was proposed in a “political context of polarization among MSs” and adopted despite the adverse institutional and legal context (de la Porte, 2021a, p.70). After decades of liberalization policies of labour markets, austerity measures and policies that weakened collective bargaining coverage, the EU has, for the first time “moved towards a more pro-active and effective protection of the low paid”, with the adoption of a legally binding act (Hassel, 2023, p.497; Müller, & Schulten, 2022). This significant shift in EU policy-making generates critical questions. Where is it coming from? How it became possible to overcome deep-rooted institutional and political conflicts and establish MW legislation in the EU without expanding the EU’s existing institutional/legal confines?

Although the seminal work of Scharpf was written more than 20 years ago, it remains highly topical and has influenced the work of more recent scholars. In an attempt to draw the “fault-lines” behind the AMWD, Schulten & Müller (2021) distinguish a conflict between capital and labor (economic line), a conflict “between representatives of different national wage-setting regimes” (institutional line) and a conflict between “the political and socio-economic orientations of the actors involved” (ideological line). They add to this a “fourth fault-line” which refers to the existing legal hurdles. Scharpf (2002, p.660) points out that, in spite of these conflicts and increased differentiation, MSs with “similar welfare-state institutions, which face similar challenges and tend to share similar political preferences” could open the route of closer cooperation on social policy. Thus, recent changes in coalition and political dynamics in the EU might have opened a “window of opportunity” for a political initiative on MW.

To the best of the authors’ knowledge, there is a lack of literature regarding the politics behind the adoption of the AMWD. Few recent contributions, most of them opinion papers, have either focused on the economic reasoning behind this development (Hassel, 2023) or have attempted to assess its objectives and interpret this shift in EU social policy-making preferences (Schulten & Müller, 2021). Others focused on the challenges the AMWD poses for the wage-setting systems of specific countries (Lillie, 2023; Bender & Kjellberg,2021) or for the social partners (Dingeldey & Nussbaum Bitran, 2023; Seeliger, 2018), or are technical reports going deeper into the essence and provisions of the Directive (Lübker & Schulten, 2021; Kerneis, 2022; Haapanala et al.,2022).

Although they focus on different aspects, a few interesting theories on the politics of the AMWD can be detected in these analyses. Schulten & Müller (2021, p.16) conclude that the EU displayed “emergency pragmatism” as a response to the Covid-19 pandemic crisis with the adoption of the AMWD, while a significant loss of legitimacy for the European project, “manifested in the strengthening of right-wing populist forces with a clearly nationalist and anti-European attitude”, created a momentum for social issues to rise to the top of the Commission’s agenda. In his analysis, Pochet (2021, p.525) associates that shift to politicians’ fears of anti-EU movements that could undermine the integrity of the internal market, as well as to the uncertainties that the Covid-19 crisis created. Although he recognizes that certain changes in the political power configurations might have played a role, he does not directly link the momentum for Social initiatives to the return of centre-left parties to power in the majority of the MSs during the Covid-19 pandemic. Hassel (2023, p.492) views the AMWD as the result of “political frictions that emerged between Southern and Northern Europe” during and after the Eurozone crisis and which were exacerbated by the pandemic. Moreover, she stresses that the AMWD might be the result of the emergence of a new growth strategy, which focuses on “knowledge-based economy rather than on inflation control and competitiveness”.

These, however, remain merely hypotheses, as none of these contributions offers an empirical substantiation of the political dynamics that led to the emergence of coalitions supporting the AMWD both at the EU-level and in the MSs. The magnitude of change in attitude towards social policy by the Commission calls for more research. Besides, Eurosceptic voices and anti-European radical right or left political forces were a persistent phenomenon before and after the Eurozone crisis (Vasilopoulou, 2013). What comes out from the literature is that the general uncertainty resulting from consecutive crises gave leeway to the Commission, according to Garben (2019, pp.106-107) as the policy entrepreneur to “play the Pillar card to the best effect”. Garben (2019) speaks of a strategic move by the Commission. Could, therefore, the AMWD be the best effect that Garben (2019) speaks about? This “change of tone” from Brussels, as Rieger (2020) put it, needs to get more attention, as it directly affect all European citizens.

On overcoming the deep-rooted institutional, ideological and legal conflicts, Ferrera (2017,p.18) argues that substantial advances in social policymaking will come from above, where European leaders “motivated by farsighted polity-maintenance objectives and capable of creatively building on the existing conflict constellation” will manage to forge broad cross-interest coalitions. To that, Pochet (2021) juxtaposes that the development of EU’s Social

dimension need to take into account “the evolution of national electorates” and the place of social issues in national and European elections which in turn impacts the political balances and preferences of EU institutions. Thus, having the right political configuration along with successful policy entrepreneurship by the Commission, or as Crespy & Menz (2015,p.764) argue, the creation of policy initiatives which “reflect the dominant constellation among the MSs” constitutes a decisive factor for overcoming the abovementioned lines of conflict. What these two scholars see is the emergence of a new hybrid form of governance in the EU, “drawing from both political inter-governmentalism and technocratic supranationalism”. The AMWD with all these fault-lines revolving around its proposal and adoption offers a great case to test these theories of EU social policymaking.

Given that the AMWD represents an explicit step towards implementing the EPSR (Lübker & Schulten, 2021), understanding the political drivers that created and sustained the momentum for the EU to intervene decisively in the domain of the welfare state will shed light on how serious and sustainable the commitment to a re-regulatory “Social Europe” actually is. By focusing on more enduring changes in actors’ preferences and political constellations, and the effect these have on empowering some interests over others, a more substantial explanation of the process towards a more social Europe will be provided.

III. Methodology and research design

In an attempt to answer the research question of what the political drivers behind the momentum for MW legislation in the EU are, this contribution focuses on the qualitative reconstruction of the political processes, at the EU-level as well as within individual MSs, that led to the adoption of the AMWD. Building on the studies by Scharpf (1999;2002), Fernández-Macías & Vacas-Soriano (2016), Ferrera (2017) and Schulten & Müller (2021) that organize their analyses along different conflict lines between and within MSs, social partners and EU policymakers that have prevented the adoption of EU-level MW legislation in the past, and in order to uncover the emergence of coalitions as well as the political dynamics behind the momentum for EU-level MW legislation, this thesis follows an inductive approach and employs an “explaining-outcome process tracing” (Beach & Pedersen, 2013). This will enable the author to identify a plausible sufficient causal mechanism that produced the research outcome and to provide a more dynamic explanation that answers the research question. While this method is best suited to building explanations of particular research outcomes, rather than building or testing a “generalizable theorized mechanism” (Beach & Pedersen, 2013, p.11), such research can nevertheless be helpful to identify factors that may lead to EU-level regulation in areas that traditionally face resistance. In that sense, the AMWD is positioned as a highly unlikely case.

According to leading scholars on the field, the AMWD constitutes the most significant practical consequence of the recent shift in the EU social, labor and economic policy discourse (Schulten & Müller,2021; Hassel, 2023). For the first time in the history of the EU, the Commission put forward a legally binding initiative for coordinating national policies on MW and on collective bargaining (Lübker & Schulten, 2021). The proposal came from the same EU Institution which, not so long ago, viewed adequate MWs and strong collective bargaining systems as institutional barriers for the functioning of the Single Market. Given that SMWs exist in the vast majority of EU MSs and, for the most part, are determined or influenced by governments, this Directive seems to suggest that there has been political willingness to promote change in this area, with potential spillover effects in other areas of social or economic policy (Cova, 2022,p.21). Understanding, thus, the sources of this political willingness can also help us understand the potential for future social and economic policy changes in the EU.

Data collection proceeded in two steps. On the one hand, qualitative analysis of publicly available primary sources has been undertaken. The AMWD was adopted through the Ordinary Legislative Procedure, which, apart from the voting procedures in the EP and the Council of the EU, included a two-stage consultation with the social partners. The data collection strategy therefore involved archival search on the websites of the Commission, the EP and the Council of the EU, as well as on the websites of European social partners and of European political parties. The search produced 37 primary sources consisting of publications and official documents, reports, briefings and statements from the EU Institutions, national and European social actors as well as official statements from key senior policymakers.

While the qualitative analysis of primary and secondary sources is useful for identifying the basic framework of the multiple conflicts surrounding the debate on MW legislation in the EU, this method of data collection provides little evidence on “behind-closed-doors” debates and negotiations that shaped the stakeholders’ choices and influenced political decisions. Thus, in a second step, 10 semi-structured interviews with key representatives from the EU Institutions as well as from the social partners were undertaken. Interviewees were selected based on their expertise and first-hand experience on the field of EU social policy and decision-making. Initially, a list of key actors from the EU Institutions involved in the AMWD was extrapolated from in-depth analysis of the AMWD decision-making process database of the legislative observatory of the EP. Subsequently, another list of the most relevant social partners was compiled, which included the European Trade Union Confederation (ETUC) as the major TU organisation in the EU, *BusinessEurope* as the leading advocate of enterprises’ interests, as well as the largest TUs from Germany, France, Italy, Denmark and Sweden. Germany, France and Italy were chosen as the three largest MSs in terms of population that significantly affect the voting procedure in the Council, while Denmark and Sweden because of their staunch opposition to the AMWD. The choice of countries, while not exhaustive, also encompasses a substantial degree of variation in terms of minimum wage-setting systems, collective bargaining coverage levels and trade union density.

An attempt was made to reach key actors who occupy central positions within their organization and have been actively engaged with the AMWD. The author also contacted several leading academics on the field of EU labor market and employment relations from different countries and universities. These were selected based on their expertise and publications. In total, the author approached 32 different stakeholders (MEPs, shadow

Rapporteurs of the AMWD, representatives of European (ETUC, Businesseurope, SMEunited) and national social partners from France, Denmark, Italy and Sweden as well as academics. Out of the total 32, 10 agreed to be interviewed and contribute to the research.

The final list of interviewees consists of a senior EC official from DG Employment, three MEPs, including both Rapporteurs of the AMWD, a senior researcher from ETUI who has authored and co-authored some 100 publications on collective bargaining, MWs and TUs in Europe, a policy advisor from Businesseurope, the Head of European and international policies department of the largest Italian TU, CGIL, as well as two leading scholars on the field of EU labor market regulation and political economy and a doctoral researcher on the field of industrial relations. Such elite interviews provided valuable insight into the causal mechanisms that could not be gained from document analysis and/or surveys, and also allowed the author to understand better the historical and policy context of the AMWD.

The author is aware of the limitations of collecting evidence on what happened during negotiations through elite interviews. Accessing senior decision-makers and stakeholders and persuading them to contribute to the research turned out to be a significant obstacle, and it was not possible to include all points of view. An important question then is how the author will know when the data collected are able to provide a sufficient explanation of the outcome, so he can stop the process. According to Beach & Pedersen (2013, p.21), this decision “is based on an assessment of whether all the relevant facts of the outcome have been accounted for adequately” while ensuring that the outcome is best-explained by a satisfying explanation based on the given evidence instead of plausible alternative explanations. This decision was made by combining interview information with analysis of documents and secondary literature, opinion and working papers that were published on the subject of EU-level MW legislation.

Experts who agreed to be interviewed were asked to describe the main obstacles that the Commission faced in its attempt to establish a MW legislation and how these were overcome; what institutional and ideological conflicts shaped the debate around the AMWD and what coalition dynamics existed at the European level before as well as after the adoption of the AMWD. Respondents were also asked to give their opinion on the political drivers behind the momentum for MW legislation at the EU-level and how such an initiative made it initially to the EU agenda. Finally, key part of the interviews dealt with the legal hurdles as well as how the decision to legislate MW fits into the broader model of economic governance of the EU. Addressing these questions during the interviews enabled the author to conceptualize the

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mechanisms, or as Wight (2004, p.290) defines them “the sequence of events and processes (the causal complex)” that led to adoption of MW legislation in the EU.

IV. Background

4.1 Early attempts to develop EU-level minimum legislation

The discussion on MW coordination in the EU, as part of a broader attempt to make social policy compatible with the development of a functional Single Market, has been going on for more than three decades (Schulten, 2008; Fernández-Macías & Vacas-Soriano, 2016). Schulten (2008, p.429) traces the origin of the debate on the adoption of the Community Charter of Fundamental Rights for Workers in 1989, which emphasized “the right to an equitable wage for all workers, in accordance with arrangements applying in each country” (European Commission, 1990, Title 1, para.5). The Charter was meant to strengthen the social dimension of the integration process, in a period of increasing concerns about the potential social consequences of the creation of the Single Market (Bercusson, 1990; Schulten, 2008). Although its legal status is that of a mere political declaration, the Charter was a document of “historic importance” since it exerted a strong political influence on the development of an EU social policy during the first years of the realization of the Economic and Monetary Union (Kraw, 1990, p.477).

Despite the vague concept of the “equitable wage” that was introduced in the Charter, the rationale as well as the ulterior motives of the Commission became clearer in its draft Action Plan for the implementation of the Charter. Here, the Commission clarified that it considered wage-setting to be “a matter for the MSs and the two sides of industry alone” (p.15), and, interestingly, that it is “not the task of the Community to fix a decent reference wage”. Thus, while it acknowledged the boundaries of its action, it placed the issue on the agenda by committing itself to provide an opinion on the introduction of an equitable wage by the MSs.

Before putting forward this opinion, the Commission published a study in 1990 on the state of Employment in Europe, in which it concluded that real wage growth has slowed down and that the number of low-paid workers in the Community was significant, especially in the southern MSs (Commission of the European Communities, 1990). Taking that into account, the Commission finally published in 1993 its “opinion on an equitable wage”, in which it highlighted that “the problem of low pay is an issue in all countries of the European Community” while it also acknowledged that the persistence of low-wage levels threatens

social cohesion as well as the effectiveness of the European economy in the long term (Commission of the European Communities, 1993). In line with that, it called MSs to ensure not only that the right to an equitable wage is protected, but also that collective bargaining arrangements are strengthened. It also committed itself to monitor the progress made by the MSs and submit reports every two years.

In light of these developments, the European Parliament (EP) acted more decisively and, in 1993, it released a report in which it requested from MSs “to establish a MW which amounts to a certain proportion of the national average wage” (as mentioned in Schulten, 2008,p.430). In practice and as was mentioned in the Commission’s first Progress Report on Equitable Wage that was published in 1997, all MSs had some form of MW provisions, although these were ranging from comprehensive, covering all sectors and types of employment (e.g. France) to extremely limited covering just one sector (e.g. the United Kingdom). Despite the Commission’s concerns regarding a widening of wage inequalities and the lack of transparency in wage formation, the report highlighted that the majority of MSs “felt that intervention in wage-setting was not desirable and should be avoided if possible” (European Commission, 1997).

Despite those initial attempts by the Delors Commission to increase salience of “Social Europe”, employers’ interests started gaining more prominence in EU policymaking throughout the late 1990s, backed by free trade and neoliberal proponents, such as Britain, Germany and the Netherlands (Gray, 2004, p.55; Hermann & Hofbauer, 2007,p.127). In that period, many MSs were facing high unemployment rates and slow economic growth, and were confronted with severe budget constraints in the run-up to the Economic and Monetary Union (Mosher & Trubek, 2003). For neoliberals, the solution to this problem was to restrain unemployment and labor costs, while maintaining sustainable budgets through the reduction of social protection benefits (Mosher & Trubek, 2003). As a result, the objective of improving working conditions was, to a great extent, subsumed into the promotion of economic growth by neo-liberal employment policies (Gray, 2004). The nature of the EU’s Single Market, which is based on mutual recognition and, thus, on regulatory competition rather than supranational harmonization, could hardly be combined with strong European social standards, advocated by social-democratic Governments at the time (Hermann & Hofbauer, 2007, p.127; Mosher & Trubek, 2003). In line with this development and even though the right to an equitable wage was included in the Charter of Fundamental Rights for Workers of 1989, it was excluded from

the Charter of Fundamental Rights that was proclaimed in 2000, amid fears from the Commission of a potential politicization of the issue (Commission of the European Communities, 2000, p.7).

Although attempts to create binding legislation on MW failed, the issue was transferred to a different political arena of EU governance. Given that social matters were and still remain up until this day largely a national prerogative and a highly sensitive policy field, EU's social policy development occurred by what Majone (2005) called "integration by stealth". In this regard, social policy in the EU was strengthened by the creation of new forms of EU governance, such as the Open Method of Coordination (OMC), which was considered the best way to accommodate diversity among the national systems (Barbier, 2012; Schulten, 2008). This "soft-law" cooperative approach facilitated an ongoing struggle for social model ideas, or as Barbier (2012, p.380) put it "a war waged by a limited number of elites fighting for different social models". Through guidelines, indicators, benchmarking and sharing of best practices, the OMC paved the way for proactive EU-level debates around the concept of a European MW policy. This constituted an attempt to counterbalance the Union's lack of competence and capacity to regulate social policy in an extensive, top-down manner (Barbier, 2012; Mosher & Trubek, 2003).

With the 2004 enlargement, MW policy started gaining prominence in the agenda of senior European policymakers, as a response to a "declining acceptance of EU policies among working people" (Schulten, 2008, p.432). This declining acceptance was expressed through the rejection of the European Constitutional Treaty by French and Dutch voters and of the Lisbon Treaty by Irish voters in respective referendums, in which the "no" vote emerged mainly from the lower income working population (Startin & Krouwel, 2013). Furthermore, the accession of the former soviet States to the EU increased fears of an influx of workers migrating to the Western MSs, causing wage and social dumping- downward pressures on social standards due to competition from low-wage countries (Startin & Krouwel, 2013).

Eventually, the issue of MW was progressively politicized through Resolutions of the EP and through the political manifestos of certain European political groups before the 2009 EP elections, which, in turn, put pressure on policymakers and social partners to come up with practical solutions. However, regulating MWs has proven to be a challenging and thorny task, especially in the wake of the Euro crisis when it became clear that "established neoliberal

policy options would not be revised”, but rather became even more radicalized (Crespy & Menz, 2015, p.762; Schulten & Müller, 2021,p.2).

4.2 The conflicts over EU-level minimum wage policy

In principle, several hurdles and conflicts have long constrained the development of an EU MW policy. For one, the wide diversity of existing minimum wage-setting systems among EU MSs has over time represented a formidable obstacle (Fernández-Macías & Vacas-Soriano, 2016). Currently, 21 MSs have adopted the statutory model where MWs are set by government regulation, while in Austria, Cyprus, Denmark, Finland, Italy and Sweden sectoral wage minima are set by collective bargaining (Appendix 2). This institutional diversity also extends to the role of social partners in the wage-setting negotiations, the universality and segmentation of wage floors and the scope of MW coverage (Scharpf, 1999; Fernández-Macías & Vacas-Soriano,2016). In an attempt to capture this differentiation, this thesis borrows the model used by Fernández-Macías & Vacas-Soriano (2016, p.102-103), which divides EU MSs into three categories based on the degree of institutional impact that an EU-level MW policy would entail for their systems

The first category includes Denmark, Sweden, Finland, Austria and Italy, which all would be confronted with “a high degree of institutional impact”, as a MW policy “could disrupt national industrial relations traditions” by promoting uniformity on all economic sectors and by making coverage universal. The second group, namely Belgium, Estonia, Poland, Bulgaria, Slovakia, Greece and Cyprus, would experience “an intermediate degree of institutional impact” as in most of them MWs are set “at economy-wide level and with universal coverage”. Countries in this category that would be confronted with more serious institutional and political implications are the ones, mainly from Eastern Europe, in which MW is commonly used as electoral lever. The third and last category, includes the rest of EU MSs, in which MWs are set by government regulation and have nearly universal coverage. As a result, an EU-level MW policy would not have serious institutional implications for their respective wage-setting systems. Overall, In MSs where sectoral wage standards are set through collective bargaining, TUs have established successful national welfare legacies from which they gain legitimacy, and which they defend against any EU interference (Schulten, 2008). On the other hand, in MSs where collective bargaining levels are relatively low, TUs face strong domestic opposition in their attempts to

negotiate adjustments to MWs, and, hence, European legislation could give them the opportunity to overcome these domestic hurdles.

To understand more about these conflicts between “representatives of different national wage-setting regimes” (Schulten & Müller, 2021, p.14), it is worth delving into the role of national as well as European social partners. These play a crucial role in wage-setting developments at the national level while, in the case of the multi-level governance system of the EU, they also represent valid counterparts for the Commission during the legislative procedure, and, thus, they influence the development of EU’s social policy (Dingeldey & Bitran, 2023).

Being the voice of employees, TUs have traditionally been staunch advocates of MW frameworks, which they conceive as a fundamental pillar of the labour movement (Seeliger, 2018). However, neither the mere existence of a common interest among TUs, nor the single voice expressed through European umbrella organizations could be taken for granted. In fact, finding a joint position towards MW legislation has been a major challenge for the ETUC and its members, as a result of the large heterogeneity in welfare state arrangements and of industrial relations systems in the EU MSs (Dingeldey & Nussbaum Bitran, 2023; Busemeyer et al.,2008). National TUs tend to remain very much embedded in their respective institutional arrangements (Busemeyer et al.,2008), not just because they derive their power and influence from them, but also because these are intertwined with identity, which, in turn, determines their strategy towards promoting collective interests at the EU-level (Busemeyer et al., 2008,p.438-439). According to Locke & Thelen (1995, p.338), certain issues which are “connected to the foundations on which TUs’ identities rest” can spark intense conflicts within a given country, and wage policy, a core issue of national sovereignty and identity, falls under this category (Busemeyer et al., 2008).

Although representatives of the labor movement at the European level have generally been in favor of an EU MW policy, recent surveys conducted by Furaker & Bengtsson (2013) and by Seeliger (2018) have revealed a high degree of polarisation among national TUs. As was highlighted in the ETUC’s Strategy and Action Plan for the period 2007-2011 (p.138), the different viewpoints among national TUs in conjunction with “the differences in skills, productivity, living standards and union policies” hindered “a campaign on common European-wide MW mechanisms”. At the same time, the ETUC undertook to “support union campaigns for effective MWs in those countries where unions consider them necessary” (p.138), which

seemed more like an attempt to accommodate its internal division on the issue rather than a deliberate effort to push for a European MW policy.

From a TU perspective, establishing an adequate wage floor would entail significant economic and social benefits. It would reduce wage inequalities within the EU thereby increasing the quality of life of millions of working people, while pressures on national bargaining and labour systems caused by migrant workers would be significantly reduced (Vaughan-Whitehead, 2010; Rycx & Kampelmann, 2012). This would represent “an important symbolic move”, which would give substance to Social Europe (Vaughan-Whitehead, 2010, p.529). On the other hand, a European MW policy could weaken TUs’ autonomy, influence and ability to push for better wage settlements, since workers would not need TUs anymore to negotiate their wages (Seeliger, 2018, p.40). But more importantly, such legislation would give jurisdiction to the Court of Justice of the EU over wages. This represented a serious hindrance for TUs, especially from the Nordic MSs, since CJEU’s rulings in the Viking and Laval cases indicated a “poor understanding of the industrial relations context” and revealed that “there is a deep uncertainty within the EU about the role of the TU movement” (Davies, 2008, pp.144,148).

Concerning EAs, which naturally showcase “little interest in substantially strengthening the employee side”, these were consistently critical towards binding EU legislation on MWs (Schulten & Müller, 2021, p.14). Trans-sectoral EU umbrella organisations such as BusinessEurope argued that binding EU legislation on MW would not be in line with the subsidiarity principle and that such a policy would “interfere with the competence of social partners and/or individual employers and workers to determine pay levels” (BusinessEurope, 2008a;b). At the same time employers, especially in countries with lower wages, would not want to give up the competitive advantage of cheap labour, while employers in sectors with high proportions of low-wage workers and smaller companies in general could be especially burdened (Dingeldey & Nussbaum-Bitran, 2023; de la Porte, 2021a). However, as a study from Vaughan-Whitehead and his colleagues (2010) has shown, not all employers were against an EU initiative on MW, as for some this could solve the problem of worker’s emigration or the issue of labour shortages.

Significant conflicts have also been observed along ideological lines. On the one hand, ardent defenders of market-making liberal policies, usually represented by the right wing parties of the political spectrum, have diachronically opposed a coordinated approach on MW, as this, according to them, would lead to wage increases which in turn would hinder competitiveness,

job creation and the flexibility of labor market (Streeck, 2018). On the other hand, proponents of more EU social regulation, mainly from the left and social-democratic parties, advocate that EU MW legislation is crucial for boosting productivity, strengthening social cohesion and increasing standards of living, thereby leading to a fair and inclusive labor market (de la Porte, 2021a, p.59). Although both circles were and still remain “loyal to the European cause”, the Euro crisis has increased the visibility and salience of two different ideological views: a “euro-liberal” and a “euro-social” (Ferrera, 2017, p.6). These, according to Ferrera (2018) dominated the national as well as the EU elections before and after the Eurozone crisis. In the latter ones, they were clearly conveyed through the mainstream European parties both in the 2014 EP elections as well as in the debates on the Spitzenkandidaten.

Thus, the ideological left-right cleavage or the conflict between “capital and labour”, as Schulten & Müller (2021) call it, has had a prominent role, while there is also the case of countries whose governments are not ideologically opposed to a European MW policy, but which have concerns over corollary increases in their overall spending bills. Apart from ideological conflicts structured along economic considerations, the political feasibility of a European MW policy was highly influenced by a broader political debate between actors that champion more European integration through the adoption of common policies even in sensitive policy areas, such as the social policy, and Eurosceptic political forces. Taking advantage for electoral purposes of an increased Eurosceptic attitude among vulnerable citizens after the Eurozone crisis, the latter political actors were opposing any supranational centralization of politically sensitive issues, thereby blocking attempts for further EU integration. This is not surprising, given that European integration is, according to Barbier (2012, p.379) and (Ferrera, 2018, p.6), “inevitably and inherently a thoroughly political venture”, with voters getting increasingly affected by decisions taken at the EU level, as the decisions for strict austerity measures in Greece, Ireland, Portugal and Spain have shown.

Lastly, from a legal point of view, the most important obstacle has been the thorny question of competence (Aranguiz & Garben, 2019; Schulten & Müller, 2021). Opponents of EU legislation on MWs have emphasized over the years the lack of competence of the EU in regulating pay and the need to respect national sovereignty on the issue, while there existed a conventional wisdom among scholars that the only way the EU could adopt a legally binding MW policy would be either by amending Article 153(5) TFEU or negotiating a Treaty reform (Ryan, 1997; Fernández-Macías & Vacas-Soriano, 2016; Menegatti, 2017, p.198; Seeliger,

2018, p.39). While the question of legal basis has been subject to several debates among academics and social partners (for an extended analysis look at Kiss-Gálfalvi et al., 2022), the Commission has been providing an inconsistent answer over the years on this issue.

Analysis of 12 parliamentary questions addressed to the EC between 2004 and 2019 by MEPs affiliated with different European political groups regarding the establishment of a European MW policy reveals that, up until 2016, the EC was emphatically conveying the message that, in accordance with Article 153 TFEU, the Institution lacked the competence. On the contrary, it repeatedly stressed that it was a prerogative of national governments and/or social partners to decide whether or not a MW is to be established and if so, at which level. After 2015, the wording in the responses given by the Commissioners for Employment and Social Affairs started shifting towards a different direction. Instead of hindrances to competitiveness, growth and employment, MWs were casted as mechanisms that “support job creation and competitiveness” and which can also “contribute to sustaining aggregate demand, especially in depressed economic circumstances” (Thyssen, E-005184/2015(ASW), E-009981/2014(ASW)).

This shift became even more visible after the 2019 elections, when the proposal for the AMWD was put forward. The newly-appointed Commissioner for jobs and social rights, Nicolas Schmit, clarified that Article 153(1)(b) TFEU provided the legal basis for EU action on MWs while acknowledging that the EU “cannot directly regulate the level of pay” (Schmit, E-002577/2022(ASW); P-000809/2020(ASW)). The addition of the word “directly” is of crucial importance here, given that it has been excluded from the discourse all these years. Interestingly, Article 153 TFEU was first included in the Treaty of Maastricht in 1992 and has remained unchanged throughout the consecutive Treaty reforms. Therefore, it could be argued that it was the fragile political and societal climate that had prevented a European MW initiative in the past and not so much the legal uncertainty.

4.3 The Directive on Adequate Minimum Wages

Against this background, the Commission published its proposal for the AMWD on 28 October 2020. In order to accommodate existing diversity and mitigate the regulatory tensions, the Commission “had to walk a fine line” between the different political and legal perspectives

(Kerneis, 2022). This “fine line” was established by showing sensitivity to the Nordic wage-setting systems and by respecting social partners’ autonomy while providing useful mechanisms to ensure that adequate MWs will be set in countries where that is needed (Lillie, 2023).

In practice, the Commission achieved that by setting a twofold objective. On the one hand, the Directive requests from MSs to ensure that MWs, whether statutory or collectively bargained, are set at adequate levels that allow workers to live in a decent manner. Without establishing a single threshold or measure of the “adequacy” of MWs, the Directive calls MSs with SMWs to establish “the necessary procedures for the setting and updating of the SMWs”, based on nationally defined criteria and practices which shall be coupled with several mandatory economic variables, namely purchasing power, the cost of living, the level, growth and distribution of wages, as well as labour productivity. In a second step, the Directive aims at increasing the number of workers who are covered by collective bargaining in all of the EU MSs. More specifically, countries with collective bargaining coverage below 80% are called upon to establish, in consultation with the social partners, a national action plan, specifying the concrete steps that will be taken in order to increase the rate of collective bargaining coverage above the threshold of 80%. This second aspect is highly important yet ambitious, given that, currently, collective bargaining coverage is below the 80% threshold in 17 out of 27 EU MSs (Hassel, 2023; Schulten & Müller, 2021).

Predominantly, the Directive makes clear that it does not interfere with MSs’ freedom to choose between setting MWs by law or through collective agreements. What is particularly interesting, is that the commitment to promote collective bargaining was not included in the original draft papers of the Commission. Instead, it was introduced after the consultation phase with the social partners and after strong opposition from what Haapanala et al. (2022, p.3) call an “unholy alliance” of countries with social-democratic governments in which collective bargaining holds a central role in their industrial relations systems, namely Sweden and Denmark, neoliberal governments in Austria and the Netherlands and right-wing populist regimes in Hungary and Poland. The AMWD soon became one “of the most controversial EU initiatives of recent times”, which, according to Haapanala et al. (2022), resulted in more vague and less binding provisions than originally expected, thereby confirming Sharpf’s (2002, p.664) hypothesis that in order to accommodate existing diversity in the field of social affairs and be legally binding, EU framework Directives have to be structurally vague and thus

“incapable of directing national policy choices”. However, as will be showcased in the next chapter, with the adoption of the AMWD the realm of the possible in EU social policymaking might have “widened beyond legal asymmetries and institutional path dependencies” (Crespy, 2020, p.320).

V. Findings

5.1 The political backlash against the Eurozone crisis management and the shift in German domestic politics

There is a general perception among sociologists since the seminal work of Karl Polyani “The Great Transformation” was published, that social change usually comes from political backlash (Barnard, 2014, p.237). This seems to apply to the EU as well. The policies of austerity and internal devaluation pursued by the Commission throughout the Eurozone crisis, in conjunction with wage reductions and the dismantling of collective bargaining, all had negative social consequences, increased unemployment and poverty and created a huge political backlash among EU citizens (Interviews 1,2,5,6). Even the southern MSs such as Portugal, Greece, Italy and Spain, traditionally optimistic and pro-EU, experienced widespread opposition, doubts or reservations about the course of the EU project (Interviews 2,5; Bourne & Chatzopoulou,2018). The whole European project was losing support and this was perceived by some in the Commission as a dangerous development (Interviews 1,2,3). Against this background and amid a fragile economic recovery, calls for a more social Europe emerged (Interviews 2,3; Lecerf, 2016). Policymakers in Brussels started thinking of ways to reverse these negative trends and rekindle support for the European project (Interview 2). The European elections of 2014 provided with an excellent opportunity to put the social dimension back on track.

During the 2014 EU elections, all the political camps discussed the idea of a European MW policy and some even made it one of the flagship campaign projects (Sanial, 2014). Of course this is not to be considered as a groundbreaking development, as some European parties had made similar proclamations in previous elections. This time though, the proclamations were accompanied, and were even reinforced, by a substantial shift in German domestic politics (Interviews 2,5,9). In Germany and in the run-up to the 2013 Federal elections, all leading political parties, albeit to varying degrees, came out in favor of a national or European MW policy (Schulten, 2014). The coalition agreement between the CDU/CSU and SPD, necessary to form the government, included two noteworthy elements. First, it was stipulated that an incumbent from the SPD, Andreas Nahles, would take over the Ministry of Labor and Social

Affairs. Second, the SPD made the introduction of a MW in Germany a precondition for entering into the coalition (Marx & Starke, 2017, p.576).

A few months later, in January 2015, Germany made a major shift away from its long-established tradition of setting the MW through collective bargaining, and introduced a nationwide SMW. This development gave a fresh impetus for the development of an EU MW policy, as it changed the balances in the EU with regards to the institutional line of conflict (Interviews 2,3,5,9). This shift in German domestic politics also implied a change in the mindset of the TUs in the largest EU MS (Interview 6). The labor movement in Germany has been divided and ambivalent towards the introduction of a national SMW in the past (Mabbett, 2016). However, upon taking stock of their industrial weaknesses, a favorable public opinion and the cross-party support in principle, German TUs finally endorsed and played a crucial role in the introduction of the SMW, which also made their reluctance to an EU-level MW policy, and, accordingly, the institutional fault-line much less pronounced (Interview 3; Mabbett,2016).

Back at the EU level, the impact of the dramatic social consequences of the Euro crisis and the shift in German domestic politics were increasingly reflected in the electoral campaigns of the European parties. “It is not an impossible goal, look at what we achieved in Germany” said Martin Schulz, the president of the EP and the chosen Social-Democrat candidate for the Commission’s Presidency while promising to campaign for a European MW in order to tackle social dumping, a promise that was also given by Pervenche Bérès, then chair the EP’s Employment and Social Affairs Committee (Barbière, 2014). On the other side of the political spectrum, Jean-Claude Juncker (2014), in his speech to the EP before the vote to confirm his appointment as President of the Commission, called for the introduction of a MW in each MS of the EU. Despite the increased politicization of the issue at the EU-level, the political climate was not yet favorable for the Commission to come forward with a concrete policy initiative at that time. Without underestimating the impact of the shift in German domestic politics, the reality was that the SPD was “the junior partner” in Merkel’s Government, who was still reluctant to agree on any EU level MW regulation (Interview 2).

5.2 A new agenda for more Social Europe

Nevertheless, the election of Jean-Claude Juncker, a Christian-Democrat with strong ties with trade-unionism, as Commission President “was a breath of fresh air for social issues after the Barroso years”, according to former secretary-general of the ETUC, Luca Visentini (Hansens, 2019). During the Barroso years, the interest in social policy and social dialogue decreased substantially, while the EU, once a symbol of prosperity, was viewed by many citizens as the source of austerity and impoverishment (Interview 4; Vesan et al.,2021). In the years after the Eurozone crisis, a growing sense of dissatisfaction with EU policies and EU’s crisis management emerged among EU citizens created fertile ground for rising populism and Euroscepticism, and gave rise to an alarming loss of legitimacy for European integration (Pérez de las Heras, 2017, p.2; Müller & Schulten, 2022; Vesan et al.,2021). According to a study by Hobolt (2015), economically disadvantaged persons, a category mostly comprised of MW-earners, were more likely to support Eurosceptic parties in the European elections, thereby intensifying the EU’s legitimacy crisis. It was thus felt that a credible social dimension was imperative to improve the living and working conditions and, in turn, restore trust of the most vulnerable workers in the EU (Interviews 2,3,7,8,10). Against this backdrop, Juncker declared his intention to significantly reinforce the EU’s social dimension, and the “Five Presidents Report” of 2015 set an ambitious objective of achieving a “social triple-A rating” for the EU (Juncker et al.,2015; Lecerf, 2016).

Vested with stronger authority after the successful Spitzenkandidaten procedure, having secured the support of the center-left parties with his commitment to a stronger social Europe and with the apparent support from the Presidents of all EU Institutions, Juncker could proceed with the realization of his ambitious social agenda (Vesan et al., 2021; Lecerf, 2016). The main initiative launched by the Juncker Commission to strengthen the EU’s social acquis, restore social convergence and meet the “social triple-A rating” objective was the EPSR. The EPSR was jointly proclaimed in 2017 by the Commission, the EP and the Council of the EU and is comprised of 20 principles about equal opportunities and access to the labor market, fair working conditions, social protection and inclusion. Out of them, Principle 6 enshrines the right of workers to “fair wages that provide for a decent standard of living” and sets the objective to ensure adequate MWs in all EU MSs (European Commission, 2017).

The EPSR represents “a milestone in EU social policy” (Sabato & Vanhercke, 2017) and a “political anchor point” for the creation of the momentum for MW legislation in the EU (Interviews 1,3,4; Aranguiz & Garben, 2019). It “set the tone”, as one interviewee highlighted, and soon became a reference framework for many EU level social initiatives. It needs to be clarified that, despite its solemnity, the EPSR is not a legally binding imitative and, under no circumstances was it intended to expand the EU’s competence to act on the rights and principles that it features (Garben, 2019). Initially, some suspected that it was just another declaration that would not bring about any substantial changes (Interviews 2,3). However, it provided a strong indication of how the EU Institutions perceive these principles and, thus, how they could be incorporated into the context of current and future policies (Garben, 2019). To put it differently, it reflected on paper “the change of mindset” in the Commission regarding the model of economic and social governance and its priorities for future initiatives (Interview 1).

5.3 Commission’s change of mindset

As Carella & Graziano (2022, p.374) argue, certain novelties can be identified throughout the development of the EPSR, which had the potential of “producing long-lasting changes in the governance of the European social dimension”. Firstly, a particularly long and broad consultation phase with the involvement of various stakeholders (social partners, civil society organizations and the general public) preceded the adoption of the final text. Moreover, in contrast with the Barroso Commission which showed little interest in promoting social dialogue, the Juncker Commission had been very vocal in supporting it (Interview 4). At a high-level conference in 2015, the Commission and the social partners agreed on a new start for social dialogue, which “has suffered during the crisis years” (European Commission, 2017). This would aim at strengthening the involvement of social partners in EU policymaking which, in turn, would promote transparency and accountability while increasing the democratic legitimacy of the decision-making process (Carella & Graziano, 2022).

The second equally important innovative element was the profound change in Commission’s discourse on the broader aspects of social policy and its implications for economic governance (Carella & Graziano, 2022). In its proposal for the EPSR, the EC stressed the need to strike a better balance between social necessities and economic objectives, while acknowledging that “economic and social developments go hand in hand”. Both of these elements challenged the

previous Commission's approach, which, especially after the Eurozone crisis, favored economic and fiscal objectives at the expense of social dialogue and strong social commitments (Carella & Graziano, 2022).

As it turned out, the launching of the EPSR was not an isolated event. On the contrary, it reflected a more persistent "change of mindset" of the Commission and it fitted into a broader evolution in EU policymaking (Interviews 1,3; Vandembroucke, 2018). EU's economic governance was reformed several times in the aftermath of the GFC, most recently through the TSCG treaty and the Two-pack/Six-pack legislation, which imposed significant budgetary constraints and fiscal discipline on the MSs. In the process though, "we forgot about the fact that we also need to have expenditures and good investments. We saw the consequences of excessive austerity and we realized that, with the current transformation of the whole economy and the green transition especially, there are massive needs in terms of investments, which will inevitably change the way the economy works, the jobs that will be created and the jobs that will be suppressed" (Interview 1).

In terms of wages, there was a dominant economic doctrine influencing European policymakers for the past decades, according to which constant increases in wages create, through a spillover effect, inflationary pressures in the whole economy, which in turn hinder competitiveness and growth (Interview 1). Wage suppression was thus meant to contain inflation, which was highly volatile until the end of the 1990s. However, it soon became evident that this policy has created negative spillover effects on the economy, because relatively low or stable wages deter consumption, result in fewer economic resources, decrease aggregate demand and thus result in negative consequences on jobs and growth. (Interviews 1,2). These were reinforced by the emphasis put on increasing exports towards third countries (Interview 1).

Against this background, evidence mounted that increases in MWs were not intrinsically linked with negative effects on employment, nor do they necessarily constitute an excessive burden on employers and hinder economic growth (Interviews 2,5,6). On the contrary, empirical analyses showed that the introduction of MW leads to a "more egalitarian wage structure of the economy" which boosts aggregate demand because low-wage earners tend to spend a much higher proportion of their income and save less than high-wage earners (Schulten, 2014, p.10). As a technocratic, non-partisan body, the Commission proved fairly receptive to those changing academic views (Interview 6). Interviews suggest one further economic reason for

the more openness towards regulating MWs: making employment more attractive to address acute labour shortages that confronted the EU, especially in the aftermath of COVID-19 (Interview 1).

5.4 The political climate before the 2019 European elections

Between the launch of the EPSR and the European elections in 2019, several intertwined political events also contributed towards altering coalition dynamics in the EU. First, more countries and national TUs started debating an EU level MW policy. In France, the newly elected President, Emmanuel Macron, placed the reinforcement of EU's social dimension on the top of his political agenda (Clegg, 2022). As Juncker reported after his first meeting with the French President: "it was the first time that a Head of State or Government begins by addressing such an issue (i.e. social policy) when talking to me" (Stupp, 2017). In his speech where he presented his radical EU agenda, Macron called for "a MW tailored to the economic reality of each country" (Macron, 2017). In Italy, the largest TU, CGIL, started shifting its position towards the introduction of a SMW in the country, which was perceived as a remedy against the very serious damage to collective bargaining brought by the austerity and structural reforms that followed the Euro crisis, as well as against the phenomenon of wage dumping (Interview 5). In sum, governments and/or TUs in three key MSs were already leaning towards accepting an EU intervention on wages.

Changing ideological orientation in the Commission and some of the largest MSs need also to be assessed through the lens of Brexit. The UK has traditionally opposed the expansion of EU's competences, and expressed reservations especially with regard to the EU's social dimension, with previous British governments "using every opportunity to block the creation of more social Europe" (Interview 1, Andor, 2019). This impediment to the establishment of EU-level MW legislation, was removed by the withdrawal of the UK from the EU, which shifted the balance dynamics in the conflict between "euro-liberal" and "euro-social" ideological views towards the latter (Interview 1,3).

At the same time, according to Andor (2019), Brexit represented the "ultimate argument" for more "social Europe". According to him, the benefits of the Single Market have not been equally distributed among citizens and regions in the EU, something that European policymakers were already aware of. What they were not aware of, apparently, was that these

inequalities can actually mobilize those vulnerable citizens to direct their frustration towards Brussels and support parties that advocate for the disintegration of the EU. EU's political elites interpreted the lesson of Brexit as the need to strengthen the social dimension of the EU in order to prevent disintegration and ensure that no other MSs would rather seek solutions to its problems outside of the EU (Interview 3; Plomien, 2018). This was very much reflected in Juncker's warning that "if the EU loses the support of the working class, if workers feel left-behind because they are not considered in the same way as other societal forces, then we will lose support for the EU as a whole" (Cooper, 2017).

5.5 The 2019 European elections: a window of opportunity opens

The abovementioned political developments created a strong momentum for an EU MW policy and the 2019 European elections opened a window of opportunity for political groups supporting such an initiative to push harder for its realization. The S&D, the Greens/EFA and the Left included in their manifestos the demand for the introduction of a MW policy. Renew Europe made no reference to the MW in its manifesto, but its largest affiliate, Macron's En Marche, vocally praised European integration and highlighted the need for a MW in all the MSs, which made it unlikely that the party would oppose such an initiative (Interviews 1,2).

It was in this political context that Ursula von der Leyen appeared in front of the Parliament in July 2019, seeking approval for her mandate as President of the Commission. Von der Leyen was nominated by the European Council in defiance of the EP's preferred Spitzenkandidat procedure, and in order to get the support from the skeptical parties on the other side of the political spectrum, she promised, among other, to develop an EU-level framework for MWs (Interviews 1,2,3,7,8). More concretely, her political guidelines specified that within the first 100 days of her mandate, she would propose a legal instrument to ensure that every worker in the EU would have a fair MW (Von der Leyen, 2019). According to the interviewees, "this was the first time we heard a straightforward promise from a Commission President about MW legislation"(Interviews 1,2). The commitment to a more Social Europe by two consecutive conservative Commission Presidents coming from parties that are affiliated with a more "euro-liberal" ideology demonstrates the depth of the shift in the Commission's agenda. The political guidelines were followed by an ambitious Action Plan in 2021, which aims to turn the

Principles enshrined in the EPSR into concrete actions through legislative initiatives (Müller & Schulten, 2022). Its adoption by the EU leaders at the Porto Social Summit gave the Commission a political impetus to start presenting initiatives that would deliver the EPSR's objectives (Interview 2).

5.6 The political dynamics throughout the legislative procedure

The Commission's commitment to MW legislation was challenged in the consultation phase by a central conflict that emerged between supporters of such an EU-level initiative and opponents who defended their national social model (institutional fault-line). In the Council, strong opposition or skepticism came from countries without a SMW, mainly from the Nordic region, which, apart from Finland, expressed their concern that a proposal of a Directive could undermine their national social models and collective bargaining systems (Interviews 1,3). Opposition also came from Hungary and Poland, two countries which are usually against EU intervention on their national and social affairs out of principle. Moreover, their respective governments were hesitant to support EU-level legislation on MW as they would be deprived of a well-established political tool, which is raising MWs before elections in order to mobilize their voters (Interview 2).

These opposition voices became even louder when the Commission decided, after the consultation phase with the social partners, to propose a stronger legislative instrument, a Directive, instead of a Recommendation (Interview 1). A Directive was considered the most appropriate instrument not only for symbolic reasons, as MSs are still free to choose the means for the implementation, but mainly because there was a need to set minimum binding rules in order to achieve convergence towards higher levels (Interview 1). Despite efforts on the side of the Commission to provide reassurances to the opposition countries that the AMWD would not interfere or undermine their social models and their wage-setting mechanism, opposition remained strong and consistent (Interview 1).

However, Von der Leyen was very much engaged in delivering a legislation on MW, because "she saw that there was an actual possibility to have an agreement on this" (Interview 1). In

principle, there was a clear alignment of views between Germany, France and Spain, three very important players in terms of their vote weight and their impact on the economy of the EU (Interviews 1,2). In the 2021 German elections the SPD edged out the more skeptical CDU and became the leading party in a new Government coalition. In France, Macron insisted on getting the AMWD over the line during the French Presidency of the Council (Interview 2). Meanwhile, in the Netherlands, high inflation and concerns about lagging domestic consumption meant that Institutions that would in the past support wage moderation started arguing for increases in the average wage levels and, as a result of the wage-setting indexation system of the country, for increases in the MWs as well (Interview 6). These developments were crucial for the momentum of MW legislation (Interviews 1,2,3).

Coalition dynamics started changing dramatically when more skeptical countries started leaning towards supporting the AMWD. In Italy, a country most hit by the Covid-19, the austerity measures and with a very large informal sector, the newly appointed Draghi Government, following strong pressures by TUs, stood in favor of the AMWD, vocally praising the role that social partners can play in setting wages and regulating the labor market (Interviews 2,5). Austria, which doesn't have a SMW was also very skeptical in the beginning. But for Austria, at least from its TUs' perspective, strong support for the AMWD came out of solidarity with TUs from Central and Eastern European countries, which very much needed such a Directive to increase their low wages (Interview 2). This solidarity had also a self-interest dimension, as the AMWD was seen as a way to address the increasingly pressing issue of "wage dumping" from these countries (Interview 2). Concerning Poland, another "big-voter" with deep initial concerns, national TUs initiated a strong lobbying campaign in favor of the AMWD towards the Government and the EP. The campaign proved successful: although it was not a driving force in the Council, the Polish Government at least did not obstruct the procedure (Interview 2). The resulting constellation that emerged after these developments "opened the window of opportunity" for the AMWD to pass the vote in the Council (Interviews 1,2) and confirmed Ferrera's theory (2017) that the lines of conflict are not independent but partly intersect and overlap with each other, leaving room for the emergence of unexpected coalitions and solutions to policy dilemmas.

Throughout the legislative procedure, the conflict "between capital and labor" defined the positions and the negotiations between the European Social partners. The ETUC, despite a strong internal minority opposition mainly from Nordic TUs, in the end praised the proposal

for MW legislation and invested a great amount of resources in lobbying directly the EP and the EC as well as the national governments through its affiliates (Interview 2). On the opposite front, EAs, with notable exceptions, were fundamentally against the AMWD, with *BusinessEurope* going as far as defining it “a recipe for disaster” and “a legal monster” which violates the EU Treaties and risks undermining social partners’ autonomy (*BusinessEurope*, 2020; Interview 2). The final text of the AMWD very much reflects efforts to address these concerns, with clearer language on the EU competences and social partners’ autonomy. Moreover, there is no clear or binding plan for the MSs to increase collective bargaining levels or set the MW at an adequate level (Interview 4). Rendering these provisions more vague in the final draft was crucial for gaining support from the majority of the MSs, as “we realized that they would agree with a soft Directive, which would not go too far but still create the convergence that is needed” (Interview 1). Scharpf’s theory on the limited scope of positive integration in the social field and necessity for ambiguity seems to be partially confirmed.

Nevertheless, the sensitivity of the issue in question may in fact have facilitated the adoption of the AMWD. In the EU, which proclaims to have a social market economy, being vocally opposed to MWs, especially when there was already a proposal on the table, became increasingly more and more politically sensitive (Interview 4). With a sky-rocketing inflation causing a cost-of-living crisis across the EU, both the MSs and the social partners which initially spoke out against the Directive, found it even more politically difficult to retain that position (Interview 4).

In the EP, the political dynamics that characterize the institution could not guarantee a positive vote. As an interviewee (8) highlighted: “if you would say to me at the Gothenburg social summit that legislation on MWs would be possible a few years later I would have never believed that”. There was strong opposition mainly withing the more conservative groups and from the far-right wing of the political spectrum (Interviews 1,2). In order to gain a broad political support that would result in a majority supporting the AMWD, “we decided to create political saliency of the issue among a broad political base by splitting the file to two Rapporteurs and by making it a cross-party issue” (Interviews 7,10). Consequently, under the guidance of the two rapporteurs from the two largest parties, Denis Radtke from the EPP and Agnes Jongerius from the S&D, both former unionists, a broader cross-party coalition emerged supporting the AMWD (Interviews 2,4,6,8,10). The rise of populism broadened the coalition and united the different political groups, which, with the adoption of the AMWD also wanted

to counter populists' rhetoric that the EU does not deliver prosperity to its people (Interviews 7,10).

In the end, an agreement was reached in the Council, with only Denmark and Sweden voting against the AMWD while Hungary abstained. The voting in the EP followed similar patterns, with most MEPs from Nordic countries voting against, regardless of their political party affiliations (Interview 2). For the latter States, their MEPs and their TUs the institutional line of conflict constituted the main reason behind their opposition. This is in line with Locke & Thelen's argument (1995) that long-standing national institutional legacies that shape the identities of national social partners can constrain the options available for expanding the European social dimension. Nevertheless, a broad coalition had already been created among MSs with different wage-setting regimes and ideological preferences as well as between different political parties in the EP, which opened the window of opportunity for MW legislation to be adopted (Interviews 2,8). The broader pro-MW legislation coalition that included Germany, Italy and Austria showcases that the institutional fault-line between national welfare traditions and EU social intervention was not impossible to overcome under favorable political circumstances.

5.6 Overcoming the legal hurdles

Lastly, regarding the fundamental legal line of conflict which run across all the abovementioned fault-lines, European policymakers managed to overcome the chronic legal hurdles posed by article 153(5) TFEU, and made the MW legislation legally possible without a Treaty change. The proposal was crafted in such a way that it neither set wages as such nor requires from MSs to set a SMW; instead it provides a legal basis for workers to access adequate protection to MW, which after all is up to the MSs and social partners to negotiate and set (Interview 1). In that sense the Directive is cast as improving working conditions, as was highlighted in the very first sentence of the proposal. This according to Article 153.1.b TFEU, requires a Qualified Majority Vote in the Council, while Article 153(5) TFEU is not applicable in this case (Interview 1). For that reason, the stipulated threshold of 60% of the median wage and 50% of the average wage mentioned in the Directive is characterized as a non-binding

recommendation of setting MWs; otherwise the legal burden of proof that Article 153(5) does not apply to the AMWD would be greater.

Legal implications also arise when there is an attempt to legislate on collective bargaining. This falls under the Article 153.1.f TFEU, and any proposal that uses this as a legal basis needs to be approved by a unanimous vote in the Council. For that reason, the Commission insisted on proposing a Directive very much focused on MW, thereby resisting pressures from the EP to include stronger provisions on collective bargaining, because that could change the legal center of gravity of the Directive towards collective bargaining, thereby shifting the legal basis and, accordingly, the voting procedure (Interviews 1,2). And although the Directive sets a double objective, to promote adequate MW protection and collective bargaining, the collective bargaining aspect was absent from the title. In any case, it needs to be clarified that the legal services of the EC, the EP and of the Council, all gave the green light on the legal basis of the AMWD, which weakened critics' arguments, reassured the skeptical or uncertain countries and expanded the pro-MW legislation coalition (Interviews 1,4).

However, as one interviewee (4) highlighted, "during the last years, the Commission, in particular when it comes to social policy, although it has quite a limited scope in proposing EU-level initiatives, is pushing the boundaries of those competencies". With the adoption of the AMWD, it stretched to the maximum the regulatory space left by its competencies. From the empirical analyses it can be claimed that the interpretation of EU legal provisions by the Commission is not always consistent and can be guided by political developments, evolving norms and cognitive beliefs. As it turned out, the institutional and legal framework of the EU remained formally unchanged, as no Treaty reform took place that would give an impetus for MW legislation. However, although formally unchanged the EU's institutional/legal framework was politically transformed.

VI. Conclusions

This research project addressed the question: “what are the political drivers behind the momentum for MW legislation in the EU”? After a decade of austerity measures, freezing or reductions in wages and dismantling of collective bargaining, the AMWD represents a turning point, not only for the EU’s social dimension but also for its model of economic governance. Its adoption signaled a profound reorientation away from a model of economic growth that emphasizes fiscal prudence, labor market flexibility and wage competitiveness towards enhancing the purchasing power of EU citizens and strengthening the capacity of social partners to negotiate wages. To uncover the political developments and the coalition dynamics that created the momentum for this shift, this thesis combined extensive document analysis with ten semi-structured interviews with senior European policymakers, social partners and with leading scholars specializing in EU’s labor market and industrial relations. The result is a reconstruction of the political context in which MW legislation was proposed and adopted, and identification of a broader coalition that supported the initiative. The analysis offered an overview of different factors and conditions that converged and made it possible to overcome the multiple conflicts, which have prevented such legislation from being placed on agenda in the past.

The thesis identified as the driving force the ideational shift within the Commission and its subsequent role as a policy entrepreneur. Amidst political backlash against EU austerity policies after the Eurozone crisis and the rise of anti-European movements that questioned the legitimacy of European integration and even resulted in the first withdrawal of a MSs from the EU, the entrepreneurship of the Juncker Commission opened a window of opportunity towards more Social Europe. The launch of the EPSR also coincided with major institutional and political changes in Germany, France and Italy, the three largest EU MSs, which boosted the Commission’s entrepreneurial confidence and provided a reference framework for MW legislation to enter into the EU agenda. The Von der Leyen Commission managed to harness the momentum and brought forward a proposal for an AMWD. In the end, a strong political constellation emerged in the Council, in which France, with its explicit support toward stronger European integration, and Germany, with its newly-elected Social-Democratic Government ardently supporting MW legislation for years, created a favorable political momentum for the AMWD to be adopted. Despite the propitious circumstances, the momentum for MW

legislation was not the result of a stand-alone event, but rather an incremental accumulation of political will among EU politicians, as well as of most social actors and of European citizens, forged by the lessons drawn from the previous crises.

The argument advanced through the empirical analysis contributes to the literature on the politics of EU social initiatives, by underscoring the dynamic interaction between Commission's ideational shift and entrepreneurship and proactive national governments' agency, which can politically transform the existing EU's legal framework, thereby resolving high-intensity intergovernmental conflicts and policy deadlocks. The paradigm shift towards more social Europe marked by the adoption of the AMWD challenged Scharpf's (1999;2002) theory of "structural asymmetry" in the EU, according to which MSs capacities in the social field as well as the potential of positive integration with the adoption of common social policies are severely constrained either by conflicting interest of heterogeneous social systems or by institutional consensus requirements. As this thesis has shown, under favorable political circumstances, changes in political constellations can empower some interests over others and allow for them to be channelled through EU institutions in such a way that they defy the existing "structural asymmetry", and allows for institutional entrepreneurs, such as the EC, to advance integration through a creative interpretation of its legal confines.

However, favorable political conditions are not necessarily shaped by partisan and electoral politics. On the contrary, and specifically when it comes to labor and social EU-level initiatives, these seem to be primarily motivated by the desire of European leaders to influence public acceptance of European integration. Ryan developed the theory already from 1997 (p.325) that developments in EU labor and social policy are driven by "the concern of EU leaders with public attitudes to European integration" and by their attempt to make the Union more relevant to its citizens. This was very much reflected in the momentum for EU-level MW legislation.

At the same time, the "shift of mindset" among European policymakers regarding MWs and collective bargaining implies a serious commitment towards a more social EU, as a number of recent initiatives seem to conform. For example, shortly after the adoption of the AMWD the Council adopted a Recommendation on Adequate Minimum Income, followed by a proposal from the EC for a recommendation on strengthening social dialogue as well as by a proposal to reform the economic governance of the EU. As was highlighted in one of the interviews (1), "in its attempt to adapt its agenda to the current and future global challenges, the EU needs to go through a transformation phase. The concept of strategic autonomy has gained momentum,

especially after the pandemic, and made us rethink our place in the world. China and the US, which are comparable markets with the EU, they are looking at their own market with a strategic approach and thus, have established strong protectionist policies which entail multiple consequences. And this is what the Europeans started doing now”. In terms of wages, European policymakers came to realize that these need to be in line with the reality and the transformation that the EU is experiencing. In other words, it seems that the AMWD fits into a broader economic, social and global strategy framework of the EU.

However, further research is needed to establish the extent to which the present findings generalize to other instances of policy change. Coalition dynamics and conflict patterns vary from one initiative to the other, leading to different pathways for actors’ involvement in policymaking. Future research could synthesize the insights from this empirical analysis with the insights from other recent social initiatives in a comparative and longitudinal perspective in order to produce more generalizable outcomes. Another interesting aspect for research would be the impact of the shift to more Social Europe on public opinion as well as on the next EU election results. This is important because, as the thesis has shown, elections provide an excellent opportunity for the politicization of social issues and for testing the limits of Social Europe.

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Appendices

1. List of Interviews:

- Interview 1: Head of Cabinet of Commissioner for Jobs and Social Rights, former member of the cabinet/ advisor on economic and financial affairs for the former President of the European Commission, Jean-Claude Juncker, 27-04-2023
- Interview 2: Senior researcher, European Trade Union Institute, 11-05-2023
- Interview 3: Associate Professor, Employment Relations Research Center, University of Copenhagen, 26-04-2023
- Interview 4: Policy advisor, Businesseurope, specializing in industrial relations, 04-05-2023
- Interview 5: Head of European and International policies department, CGIL (Confederazione Generale Italiana del Lavoro), 10-05-2023
- Interview 6: Assistant Professor, Institute of History, Leiden University/Senior Researcher, International Institute for Social History, 11-05-2023
- Interview 7: German Member of the European Parliament, Rapporteur of the AMWD, 24-05-2023
- Interview 8: Member of the European Parliament, Member of the Committee on Employment and Social affairs, 23-05-2023
- Interview 9: Doctoral Researcher, Max Planck Institute, 30-05-2023
- Interview 10: Dutch Member of the European Parliament, Rapporteur of the AMWD, 24-05-2023

2. Data on the institutional context: Minimum wage policies in the EU, Collective bargaining coverage before and after the GFC, Trade Union and Employer Organization Density

Country	Statutory Minimum Wage (2019)	Collective Bargaining Coverage (2006*)	Collective Bargaining Coverage (2019*)	Trade Union Density (2019*)	Employer Organization Density
Austria	No	98.0	98.0	26.3	100.0
Belgium	Yes	96.0	96.0	49.1	83.8
Bulgaria	Yes	40.0	27.8	15.3	55.3
Croatia	Yes	-	52.7	20.8	56.3
Cyprus	No	65.1	43.3	43.3	66.1
Czech Republic	Yes	37.0	34.7	11.4	55.5
Denmark	No	85.0	82.0	67.0	68.3
Estonia	Yes	14.5	6.1	6.0	50.5
Finland	No	87.7	88.8	58.8	69.0
France	Yes	98	97.7	10.8	79.2
Germany	Yes	63.3	54.0	16.3	67.9
Greece	Yes	100.0	14.2	19.0	52.7
Hungary	Yes	22.7	21.8	8.3	50.9
Ireland	Yes	41.7	34.0	26.2	71.2
Italy	No	100.0	100.0	32.5	78.3
Latvia	Yes	34.2	27.1	11.6	54.4
Lithuania	Yes	10.4	7.9	7.4	33.0
Luxembourg	Yes	59.0	56.9	28.2	81.8
Malta	Yes	56.6	50.1	42.9	-
Netherlands	Yes	70.3	75.6	15.4	85.0
Poland	Yes	18.9	13.4	13.4	55.6
Portugal	Yes	80.4	73.6	15.3	51.2
Romania	Yes	100.0	15.0	21.4	60.0
Slovakia	Yes	40.0	24.4	11.3	50.3
Slovenia	Yes	100.0	78.6	23.8	72.6
Spain	Yes	76.5	80.1	12.5	77.0
Sweden	No	88.7	88.0	65.2	88.0

Source: OECD and AIAS ICTWSS database (2023)

*When data from these years were not available, data from the closest available year were used.