# Bargaining CP

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### A. CP Text

#### A. CP Text: Just governments should implement declarations of general applicability with regard to all collective agreements and abolish statutory minimum wage requirements. The full range of provisions covered by a collective agreement is extended.

#### SCHULTEN 12 [Thorsten Schulten, Doctor of philosophy at Institute of Economic and Social Research, “The significance of extension procedures for collective bargaining systems in Europe”, 2012, DDA]

Clearly, factors other than the unions’ organising strength must also be playing a decisive part in the reach and stability of collective bargaining systems. By the turn of this century, Traxler et. al. (2001, p. 194ff.) were already putting forward the thesis that in the majority of European countries, the most important variable explaining the high agreement coverage is the existence of State provisions supporting the collective bargaining system. One of the most important means available to the State for steering this issue is the instrument of the declaration of general applicability (DGA) of collective agreements. By a legislative act of the State, the DGA extends the applicability of a collective agreement beyond the immediate parties to it, so that it covers all workplaces and employees in a certain area and/or sector. The agreement’s reach can thus be significantly increased and the collective bargaining system as a whole can be stabilized. The basic function of extension procedures is closely bound up with the particular nature and purpose of collective agreements (cf. also Bispinck’s contribution to the present publication). Rooted in the structural imbalance of power between labour and capital, the original aim of collective agreements was to limit competition among individual workers by means of collective arrangements and to safeguard certain (minimum) labour standards. Over time, however, with the emergence of regional collective bargaining systems, the social and economic regulating functions of collective agreements have been extended further and further, particularly in Western Europe (Müller-Jentsch 1997, p. 202ff.; Bispinck/Schulten 1999). From the workers’ point of view, the immediate protective function has been supplemented by a distributive and participative function, enabling them to exercise democratic participation in economic development. But as seen by the employers, collective agreements mainly have a cartel function, by creating a situation in which competition on wage and labour costs is largely abolished. In addition, there is an order and peace function which ensures that, during the validity of a collective agreement, enterprises can count on the plannable and mostly undisrupted conduct of their economic activities. Finally, from the State’s point of view, collective agreements whose particular characteristic is “autonomous self-regulation” (Sinzheimer 1916/1977) have an important offloading function, as they enable the authorities to steer clear of regulating certain potentially conflictual issues of labour, wage and, to some extent, social policy.

#### I advocate for Finland’s model of extensions of collective agreements

MALMBERG 01 **[Jonas Malmberg, Researcher Uppsala Universitet’s at Department of Law, Civilrätt, terminskurs 2 och 3; Professorer, lärare, forskare, “The Collective Agreement as an Instrument for Regulation of Wages and Employment Conditions”, Publishd buy Stockholm Institute for Scandinavian Law, 2001, DDA]**

In Finland a system for extension of collective agreements (erga omnes) was introduced in the Employment Contracts Act in 1970. The regulation was altered in connection with the adoption of a new Employment Contracts Act in 2001. According to this legislation, the employer shall apply the employment conditions prescribed in nation-wide collective agreements, which are declared generally binding (allmänt bindande) by a special board. The board shall declare a collective agreement generally binding if the agreement is regarded as representative in its sector. A collective agreement is considered representative if half of the employees or more in a particular sector are covered by the agreement. However, available statistics are not the only circumstance to be taken into account. The board shall also consider how established the collective agreement is in its sector, and also the percentage of employers and employees organised in the branch. The provisions of the generally applicable collective agreement set a minimum standard. Provisions in employment contracts inconsistent with generally binding agreements are void.

### B. Competition

#### 1. mutual exclusivity- aff advocates for a higher minimum wage and the CP abolishes all stautory minimum wages.

#### 2. net benefits--

#### Minimum wages crowd out collective bargaining and decrease the power of CBAs by decreasing incentives to engage in collective bargaining- empirics and resistance to minimum wages by unions proves.

#### SORIANO AND MACIAS 13 [Enrique Fernández-Macías (credentials) and Carlos Vacas-Soriano (credentials), “A Coordinated EU Minimum Wage Policy?”, Dublin: European Foundation for the Improvement of Living and Working Conditions. Cornell University Industrial and Labor Relations School, October 2013, DDA]

But this interaction is made even more complicated by the fact that minimum wages can also have an effect on the strength and structure of the collective bargaining system. Some researchers have argued that high statutory minimum wages can have a “crowding out” effect on collective bargaining in the low-pay sector (Aghion et al. 2008), by reducing both the need and the incentive to engage in collective bargaining for setting wages (which may apply both to workers and employers). To the extent that this argument is based on the empirical correlation between statutory minimum wages and the strength of collective bargaining, it may inadvertently reverse causation: as we have already said, statutory minimum wages have often been introduced as a substitute for ineffective collective bargaining, and hence the observed correlation may be explained in exactly the opposite way (weak collective bargaining leads to statutory minimum wages, and not the other way round). Still, some empirical evidence does suggest (though not prove) the possibility of “crowding out” effects, and the reticence of unions against statutory minimum wages in some European countries is partly based on their own perception of this possibility (Eldring and Alsos 2012), so it is something that must be taken into account.

As shown by Figure 1, OECD countries differ a lot in the extent to which they rely on direct state intervention rather than on social partners to regulate labor market. In particular, we see a strong negative correlation between union density and an index that measures the extent of direct state interventions in minimum wage regulation. This index encapsulates the existence of a legal statutory minimum wage, its level compared to the median wage, the existence of potential derogations from the law, such as the provision of sub-minimum wages for certain categories, and the existence of legal extensions of minimum wages set by collective agreements.5 Figure 1 shows that Scandinavian countries regulate their labor relations with powerful trade unions and very little state intervention to set minimum wage. At the other extreme, Mediterranean countries are characterized by stringent state regulations of the minimum wage and low union rates. This contrast is mirrored by an equally strong cross-country heterogeneity with regard to individuals’ beliefs about the cooperative nature of labor relations between employers and employees. According to international surveys on the level of cooperative attitudes in the labor market, countries with high unionization rates are characterized by much higher confidence in unions and in the possibility of cooperation between employers and employees. By contrast, countries where union membership is low, and state regulation of wage is high, are also characterized by a high level of mistrust about unions and distrustful labor relations.6

### C. Solvency

#### Extension mechanisms significantly increase collective bargaining coverage—empirical consensus proves it’s the lynchpin of coverage.

EUROFOUND 02 **[Eurofound (European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe), “Collective bargaining coverage and extension procedures”, December 17, 2002, DDA]**

Collective bargaining coverage and mechanisms which extend the provisions of collective agreements beyond the members of the signatory organisations are important factors which strongly affect the procedures and practices through which wages, hours and working conditions are determined, and thus also affect economic development. This EIRO comparative study provides quantitative data on collective bargaining coverage levels and gives an overview of legally based extension mechanisms in 20 European countries - the 15 EU Member States, Hungary, Norway, Poland, Slovakia and Slovenia. The study examines trends in bargaining coverage and changes in the regulation and practice of extension since 1990, as well as exploring the views of the industrial relations actors on these issues. This comparative study - based on the contributions of the European Industrial Relations Observatory (EIRO) national centres in the EU Member States, four candidate countries and Norway - analyses the coverage of collective bargaining and the existence and practice of procedures which extend the scope of collective agreements beyond the membership of the parties to these agreements. Coverage and extension are key components of national industrial relations institutions in general and bargaining systems in particular. First, there is almost by definition a close association between coverage and extension. As comparative analysis has found (see National labour relations in internationalised markets. A comparative study of institutions, change and performance, F Traxler, S Blaschke and B Kittel, Oxford University Press, 2001), the extent to which extension mechanisms are used in a country is the most powerful single determinant of variations in the level of bargaining coverage across countries: coverage tends to increase significantly with the use of extension practices. Conversely, the applicability and actual use of extension mechanisms depends decisively on the nature of the bargaining system. For obvious reasons, extension rules can be implemented effectively only in connection with multi-employer collective agreements. Given the positive impact of extension on bargaining coverage, coverage is significantly lower in countries with predominantly single-employer bargaining, as compared with countries where multi-employer bargaining prevails (see 'Bargaining (de)centralisation, macroeconomic performance and control over the employment relationship', F Traxler, forthcoming in British Journal of Industrial Relations, 2002). In countries where single-employer bargaining prevails, coverage correlates almost exactly with trade union density (see 'Collective bargaining and industrial change: a case of disorganisation? A comparative analysis of 18 OECD countries', F Traxler, European Sociological Review 12, 1996).

#### CP empirically strengthens collective bargaining coverage—DGAs are key, comparison proves.

#### SCHULTEN 12 [Thorsten Schulten, Doctor of philosophy at Institute of Economic and Social Research, “The significance of extension procedures for collective bargaining systems in Europe”, 2012, DDA]

The significance of DGAs for collective bargaining systems in Europe may be seen primarily if their distribution is compared with collective agreement coverage in the different European states. At first sight, agreement coverage varies widely across Europe, ranging from 97% in Austria to 15% in Lithuania (Fig. 1). The countries with a very high coverage of 70% or more are almost all states in which DGAs or their functional equivalents are very widespread. The only exceptions are Denmark and Sweden, where high coverage is achieved without DGAs purely through the organizational strength of the contracting parties. On the other hand, the group with low agreement coverage of 50% or less is composed exclusively of countries in which DGAs either are rarely used or do not exist at all. In these countries too, there is a strong correlation between agreement coverage and the organizational strength of the contracting parties. The same goes for countries outside Europe, where the DGA instrument is largely unknown and agreement coverage, as for example in the USA, is usually very low (Hayter 2011). All in all, this confirms the old thesis propounded by Traxler et al. (2001, S. 203) that, in principle, there are only two ways of achieving high collective agreement coverage. The Scandinavian way, namely to ensure high coverage through a high organizing density, particularly on the union side, is however an absolutely exceptional phenomenon, which is also bound up with a whole series of political and institutional peculiarities of the Nordic model of capitalism. By contrast, the continental and southern European path of achieving high collective agreement coverage through comprehensive use of DGAs can be seen more as the rule. As an expression of the institutional power of the bargaining parties, DGAs have also contributed to keeping agreement coverage relatively stable in many countries, despite a fall in union density. Conversely, a reduction or cessation of DGA use can lead to a clear decline in agreement coverage. To date, this negative relation has been demonstrable mainly outside Europe, in the examples of Australia and New Zealand where collective agreement coverage more than halved following the extensive abolition of DGAs (OECD 2012a, S. 136). Within Europe, on the other hand, it has been mainly in Germany that a clear decline in DGAs is at least one of the factors explaining the relatively steep drop in agreement coverage (cf. Bispinck’s contribution in the present publication). Meanwhile, the case of Switzerland shows that even a slight relaxation of the preconditions set for DGA use has again resulted in a greater number of generally applicable collective agreements and a renewed increase in agreement coverage (Hartwich/Portmann 2011). 5. Prospects: the future of extension procedures in Europe The DGA instrument is extraordinarily important for the development of collective bargaining systems in Europe as a whole. For decades now, in many European countries, it has ensured high and stable collective agreement coverage, thus supporting the strong use of collective agreements as a central institution for the regulation of employment conditions – something that is characteristic of Europe in comparison with other regions of the world. Against the backdrop of the current crisis, however, structural changes are being made to national collective bargaining systems in many European countries, under pressure from the so-called troika of the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF). These changes are fundamentally calling the functioning and the instrument of the DGA into question (Busch et al. 2013; Schulten/Müller 2013). Once again, the conceptual pioneer of such a policy was the OECD which, in the name of the flexibility and adaptability of individual enterprises, is openly calling for the abolition of DGAs. The first country to bow to the IMF pressure was Romania, which in 2011 abolished its previous erga omnes scheme for sectoral collective agreements (Ciutacu 2011). Currently, Portugal has committed itself, in its agreements with the troika, to reforming its DGA arrangements. In October 2012, the Portuguese government adopted a decree, according to which an extension of collective agreements is only possible if the employer covered by the agreement represents at least 50% of the employees of certain sector (Schulten/Müller 2013).In the cases of Greece, Italy and Spain, the existing arrangements for DGAs or their functional equivalents have been maintained, but a politically driven decentralization of collective bargaining and partial abolition of the favourability principle are increasingly undermining the functional logic of DGAs. Overall, this comes down to a comprehensive loss of function for the DGAs, and it is precisely in the Southern European countries, which up to now have had strong DGA-backed area collective agreements, that this will lead to major instability in collective bargaining systems and a clear drop in agreement coverage (Busch et al. 2013; Schulten/Müller 2013). Beyond the situation in Southern Europe, marked as it is by the current crisis, countervailing developments can be observed in a few other countries, leading to a revaluation of DGAs. That goes in particular for Norway and Switzerland, and also for Germany as regards collectively bargained minimum wages. The catalyst for this was the extension of the free movement of labour as part of the EU’s eastward expansion, and the aim was to counter any wage dumping that might occur through the exploitation of migrant labour (Eldring/Schulten 2012). This aspect could also come to the fore in other countries in future, the more so as, according to the latest ruling from the European Court, only legal and generally applicable collective agreements can be accepted as legitimate limitations on basic European freedoms (Kocher 2010). Against this background, the present crisis policy of engaging in a neoliberal rebuild of Southern European collective bargaining systems is headed in entirely the wrong direction. If collective agreements are, in future, to remain the central institution for regulating the employment conditions of the majority of European workers, then what needs to be on the political agenda is not the abolition but the upgrading and expansion of DGAs.

#### Studies of the economic effects of collective bargaining prove that average wages increase more over time when wages are determined through collective bargaining.

#### ILO 08 [International Labour Organization, CREDENTIALS, “Minimum wages and collective bargaining: Towards policy coherence”, Published by the International Labour Office, 2008, DDA]

We now consider the global trends in the numbers of workers who benefit from collective bargaining. In theory, this can be measured by the so-called “coverage” of collective bargaining, which is defined as the proportion of wage workers under a collective agreement. Unfortunately, comparative statistical information on such coverage is still relatively scarce. There are at least two reasons for this. The first has to do with the different measures that are used. One measure – the unadjusted rate of collective bargaining coverage – is the number of employees covered by a collective agreement as a proportion of the total number of employees (i.e. as a proportion of the total number of wage earners). This indicator shows the extent to which the employment of wage earners is regulated by collective agreements. Another measure is the adjusted rate of collective bargaining coverage – which excludes from the denominator all employees who are not eligible to bargain collectively, such as certain groups of public employees (for example, the police or the armed forces) or workers in the informal economy. If different measures have been used, the resulting data can not be used for meaningful international comparisons. The second, more problematic, reason for the lack of data has to do with the difficulty of estimation. In most countries it is impossible to know the exact number of workers covered by collective bargaining agreements simply because there are no registration processes and no monitoring of agreements. It is only in those countries where collective bargaining is the most developed (and where the coverage rate is probably also the highest) that collective agreements are well monitored. There are a few exceptions in developing countries, such as the Philippines. Other methods of estimation include extrapolation from household or labour force surveys. However, in developing countries, a question asking whether the respondent’s job is covered by a collective agreement is rarely included. In the light of these difficulties, data on coverage are often estimated by the bargaining parties themselves. For the purpose of the present report, we have used a similar methodology. We first compiled existing statistics from secondary sources and then supplemented these data using a special survey carried out with workers’ representatives. This survey was implemented during the International Labour Conference (ILC) in June 2008. Because of the difficulties in obtaining precise estimates with such methods, we have distinguished only four broad categories of countries. Those with coverage below 15 percent, those with coverage between 15 and 50 per cent, those with coverage between 51 and 70 per cent, and those with a coverage rate above 70 per cent. The results are shown in table 3. The first striking result is that, with the exception of European countries, the coverage rate of collective bargaining is typically low. In Asian countries, it is usually below 15 per cent, and often in fact below 5 per cent. In Europe, collective bargaining coverage is relatively high, with 70 per cent or more of employees being covered by collective agreements in the majority of EU countries. Because of compulsory extension mechanisms, Austria in fact has a coverage rate of almost 100 per cent. But not all European countries follow the high-coverage model. In Hungary, Poland and the United Kingdom, fewer than half of employees are covered, and in Latvia and Lithuania this rate is less than 15 per cent. In some countries, the already low coverage rate has been declining further. The coverage has fallen dramatically since 1995 in several countries of Central and Eastern Europe, such as in the Czech Republic and Slovakia, as well as in some Western European countries, such as Germany, the Netherlands and the United Kingdom. In Latin America, it is generally considered that the reduced use of social dialogue mechanisms in the 1990s, along with the implementation of liberal reforms, also led to a fall in collective bargaining coverage and in trade unionization. In Peru, for example, collective bargaining has reached a historically low level, with less than 8 per cent coverage and a decrease in the number of collective agreements from 2,000 in the early 1980s to 300 in 2007. In Tanzania, as in a number of other African countries, coverage declined when a centralized wage policy was replaced by wage bargaining at enterprise level. 62 Important factors that can help to explain this reduction in coverage include the erosion of union membership 63 and the decentralization of social dialogue institutions. More centralized systems – where collective agreements are signed at national or sectoral level – typically lead to a higher coverage of collective bargaining. This may explain part of the difference in coverage rates between Europe and many African and Asian countries, where bargaining often takes place at the enterprise level. The trend towards decentralization and enterprise-level bargaining has also been well documented for Australia, the United Kingdom, the United States and New Zealand, as well as for a number of economies of Central and Eastern Europe. Another factor contributing to lower coverage is the increase in the number of workers employed in smaller firms or under atypical forms of contract – such as fixed-term, temporary/agency or part-time – who are in practice often excluded from collective bargaining. 64 The Republic of Korea, for instance, has experienced a massive increase in the use of fixed-term contracts as a response to the financial crisis – and this phenomenon has also been observed in other countries. 65 Declining coverage often has important gender dimensions as the incidence of non-standard forms of employment is higher among women than men, and coverage in female-dominated industries (including some service sectors) is less complete than in male-dominated industries. 66 It must be kept in mind that some developing countries have high coverage in a small formal sector, but none in their large informal economy. In Ghana, for example, although unions are relatively strong in the formal sector, it is estimated that informal employment represents about 88 per cent of total employment. Hence, although real collective bargaining does exist in Ghana and trade unions try to reach out to the informal economy, the challenge remains huge. Unions in Ghana estimate, for example, that only about 8 per cent of workers in the agricultural sector find themselves in the formal economy, mainly in commercial farms.67 When they are not self-employed, the conditions and terms of employment of workers in the informal economy are usually determined either through an informal bargaining between the employer and the employee or exclusively by the employer. At the same time, it should be emphasized that there is no clear-cut negative trend towards the weakening of collective wage bargaining, as there are also some important counteracting developments. First, collective bargaining coverage remains high – and is sometimes increasing – in Europe. This is the case, for example, in Denmark, Finland, Portugal, Spain and Sweden. In addition, the coverage has also been increasing in some developing countries in Africa and Latin America. In South Africa, for example, the number of formally employed workers covered through bargaining council agreements doubled in the ten years following the ending of apartheid. This was mainly thanks to the rise of the bargaining council system within the public sector, but it also occurred in the private sector, such as in the textile industry.68 The attempt to revive or introduce collective bargaining has also been strong in former and current transition countries, where the concept of wage bargaining has yet to take root. In Eastern European countries, such as Latvia and Lithuania, the coverage rate is low but efforts have intensified to bring wages into the realm of collective bargaining. Slovenia, for example, has introduced a strong extension mechanism, to the effect that the coverage rate now reaches almost 100 per cent. This extension is possible because companies are obliged to be members of all-encompassing “chambers” of commerce and industry, which also act as employers’ associations in collective bargaining. The recent developments in China are also significant (see box 2), although there are remaining problems regarding the freedom of association. The trends we described in the previous section have important implications because collective bargaining and minimum wages have profound effects on wages. In this section we present some statistical analysis that shows that collective bargaining is associated with both higher average wages and lower overall wage inequality, while minimum wages are associated with reduced wage inequality in the lower half of the labour market. 5.1. Collective bargaining, productivity and wages We first look at the effect of collective bargaining on average wages. In the light of the apparently weakening correspondence between wages and economic growth discussed earlier in this report, we examine the impact of collective bargaining on wage elasticity (i.e. the responsiveness of wages to changes in GDP per capita). To do so we separated our sample of countries into two groups: a “high coverage” group and a “low coverage” group. High coverage is defined as a coverage rate above 30 per cent, while low cover- age is defined as coverage of 30 per cent or below. This threshold divides the countries in our sample into two groups of roughly equal size. The results indicate a positive relationship between collective bargaining and wage elasticity. As figure 19 shows, for the low-coverage countries the wage elasticity stands at about 0.65 – below the world average of 0.75 (as calculated in section 2.2). In other words, in the countries in which collective bargaining is not a significant tool for wage determination, each additional 1 percent growth in GDP per capita is typically accompanied by a 0.65 per cent increase in average wages. In the case of high- coverage countries, the wage elasticity is much higher. Figure 20 shows that in those countries, an extra 1 per cent growth in GDP per capita is accompanied on average by a 0.87 per cent increase in average wages. Hence, it seems that in the presence of significant collective bargaining coverage, real wages are much more strongly connected to economic growth. 69

#### DA to the perm—always better to have more CBA influence

### Net Benefit- Union Strength/Equality

#### CP greatly increases the strength, membership, and influence of collective bargaining associations.

EUROFOUND 02 **[Eurofound (European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe), “Collective bargaining coverage and extension procedures”, December 17, 2002, DDA]**

Furthermore, bargaining coverage and extension affect other areas of industrial relations. For example, higher levels of coverage are significantly associated with smaller wage differentials (see Wage inequality and varieties of capitalism, D Rueda and J Pontusson, Institute for European Studies Working Paper No. 97.6, Cornell University, 1997, and 'Wage-setting institutions and pay inequality in advanced industrial societies', M Wallerstein, American Journal of Political Science 43, 1999). Extension has a strong impact on the membership strength of employers' associations, as their density ratio (in terms of employees covered) significantly increases with the incidence of extension practices (see 'Collective bargaining in the OECD', F Traxler, European Journal of Industrial Relations 4, 1998, and Traxler et al 2001, cited above). This is because the practice of extending collective agreements to unaffiliated employers creates a very strong incentive for them to join associations. If extension provisions are established and used, employers cannot rule out the possibility of being obliged to become bound by a collective agreement, even when they are not members of the signatory employers' association. Hence, it is rational for them to join the relevant employers' association so as to be entitled to participate in the bargaining process, the outcomes of which may be binding on them in any case.

#### TagTag

#### SCHULTEN 12 [Thorsten Schulten, Doctor of philosophy at Institute of Economic and Social Research, “The significance of extension procedures for collective bargaining systems in Europe”, 2012, DDA]

On the other hand, experience shows that unions are often not in a position to secure comprehensive collective agreement coverage purely on the basis of their own organizing strength. That being the case, a DGA does make it possible for a union to extend its influence considerably beyond its own organizing arena and to exercise a power of public settlement. Thus, an established DGA practice may also be seen as an expression of trade unions’ “institutional power”.[[1]](#footnote-1) But whether DGAs really do have a negative impact on union organizing rates is a question that can only be answered empirically (cf. Section 4).

### Net Benefit- Poverty

#### CP solves poverty better than systems with statutory minimum wages.

#### SKEDINGER 11 [Per Skedinger, Associate Professor at the Research Institute of Industrial Economics, “Effects of Increasing Minimum Wages on Employment and Hours: Evidence from Sweden’s Retail Sector”, IFN Working Paper No. 869, 2011, DDA]

**Minimum wages in** Sweden and the other **Nordic countries are not regulated by law, but are subject to industry-wide bargaining between employers and trade unions.** Since the coverage of collective agreements is high, **the negotiated minimum wages** effectively **serve as** wage **floors**, much **in the way** as a statutory minimum would**.** The collective **agreements** tend to **also cover workers with atypical employment, such as those in fixed-term and part-time jobs.** Minimum wage structures are highly complex, with different rates depending on, for example, age, occupation and experience. **Negotiated** minimum **rates in** the **Nordic countries are among the highest in the world**, both **in absolute terms and** in **relation to median wages.** In 2006, the **Swedish** **minimum wage** bite **for unskilled workers** in selected industries **ranged** **between 61 and 71 per cent of median wages in the private sector,** while the bite reached **63–73 per cent in Norway** and 56–57 per cent in Finland (Skedinger, 2008). The corresponding figures for **other countries, with a statutory minimum, are considerably lower** in most cases. **Minimum wage policies in** the **Nordic countries have contributed to the fact that few workers earn low wages and the virtual absence of the “working poor”** phenomenon (Skedinger, 2010).

#### Studies comparing wages for the construction, metalworking, Hotels and catering, and cleaning industries in Nordic countries and the rest of Europe prove that collective agreements lead to minimum wages between 50 and 70 percent of the national average.

#### ELDRING AND ALSOS 12 [Line Eldring and Kristin Alsos “European Minimum Wage: A Nordic Outlook”, FAFO report 2012, Fafo is an independent and multidisciplinary research foundation focusing on social welfare and trade policy, labor and living conditions, public health, migration and integration, and transnational security and development issues. Fafo works within both a domestic Norwegian and larger international context, DDA]

Below, we provide an overview of wage levels in selected industries in the Nordic countries. The purpose is first to examine the level of the minimum rates determined by the collective agreements, and then compare these with average wages in the industries concerned and with national averages. We can thus assess several aspects: First, whether the Nordic bargaining systems produce results in the form of minimum wage levels on a par with the proposed European rates, for example within 50 per cent of the national average. Second, we gain insight into the variations in Nordic wage levels, in absolute and relative terms. Third, we also gain a handle to assess the consequences of a possible statutory minimum wage equivalent to 50-60 per cent of the average. We have selected some industries where we assume that the pressure on collective agreed wages will be considerable, especially because of an increasing element of labour and service immigration from the new EU member states, more specifically construction, metalworking, hotel/catering and cleaning. The figures show collectively agreed rates/normal wage rates for selected industries in the Nordic countries in 2011. The rates are based on information from the trade union confederations, and apply to monthly wages for skilled labour (to the extent that this rate is specified in the col- lective agreements). Hourly rates have been recalculated to monthly rates. Only basic wages are included, not variable supplements. To show how the level of the prevailing minimum rates compares to the average, we have included information on both national and industry-level averages for 2010. National averages are based on information from the OECD for Denmark, Norway and Sweden. Data for Iceland are from Hagstofa Íslands (Statistics Iceland) and apply only to the private sector. Data for industry-level averages are provided by the trade union confederations or public statistics. For Denmark, direct wages are used, exclusive of variable supplements and the employer’s pension payments. The rate for cleaning could not be isolated and therefore forms part of a wider group including travel agencies and some others. Icelandic figures reflect regular pay, not including overtime and variable supplements. For Norway, collectively agreed monthly rates are used, including skills-based and other permanent supplements. Swedish figures reflect basic wages exclusive of vari- able supplements. Rates are given in euros, recalculated from national currencies in January 2012, with the exception of Iceland, where the exchange rate is for June 2011. The two final figures summarise the nominal figures by showing wage rates by country and industry as a percentage of national and industry averages. The main features of the data material can be summarised as follows: • Nominal wage rates (in euros) vary considerably between the countries in all the industries included here, as do industry and national averages. For example, the minimum rate in the Norwegian construction industry amounts to EUR 3,027 per month, with Sweden at 2,622, Denmark at 2,425, Finland at 2,027 and Iceland at 1,629. In terms of average wage levels (industry and national averages), Norway and Denmark are at the top. • As regards the minimum rates, their distance from the average varies between in- dustries and countries. All industries have average wage levels above the minimum rates in the collective agreements, which reflects local wage formation and high collective agreement coverage, as well as the contagion from the collective agreements. In Denmark and Norway, the industry average for the construction and metalworking industries in particular is far above the minimum rates for these industries. In the service industries such as hotel/catering and cleaning, the distance between the agreed rates and the industry average is relatively small in all countries, most likely because many of these agreements define normal wages, and no local supplements are foreseen. • In all industries and all countries, the minimum rates amount to more than 50 percent of the national average, with the exception of the minimum rate for the metalworking industry and cleaning in Finland, both at 49 per cent, and cleaning in Iceland, at 48 per cent.143 Most rates amount to 50-70 per cent of the average. This means that the collectively agreed minimum-wage regulations in these industries would comply with a norm of 50 per cent of the average level, but not necessarily with a norm of 60 per cent. This also indicates that a statutory minimum wage at such a level would most likely be unrealistically high (even) in the Nordic context.

### Net Benefit- Income Equality

#### Collective bargaining provides an alternative to statutory minimum wages, and leads to a more equitable wage distribution.

#### GRIMSHAW AND BOSCH 12 [(Damian Grimshaw[[2]](#footnote-2) and Gerhard Bosch[[3]](#footnote-3), “Minimum wages and collective bargaining: A framework for examining multiple intersections”, University of Berkeley Institute for Research on Labor and Employment, Spring 2012, DDA]

Previous comparative studies make two general observations about the inter-relationship between a statutory minimum wage and the model of collective bargaining (EC 2008: ch3, Schulten 2006, Vaughan-Whitehead 2009a). First, countries with strongly coordinated collective bargaining and high levels of coverage tend not to have a statutory minimum. The group of European countries without a statutory minimum includes Austria, Denmark, Germany, Finland, Italy, Cyprus and Sweden.12 Also, while collective bargaining coverage in five of the six countries shown in figure 5 is at least 80%, this is not true of Germany, thus largely explaining why the issue of a statutory minimum wage has now risen to the top of the industrial relations agenda. For the others, strong collective bargaining has traditionally provided a functional equivalent to statutory protection, ensuring the lowest paid receive adequate protection (Schulten 2006: 12). A second general observation about the relationship between minimum wages and collective bargaining is that among countries with a statutory minimum, the stronger the collective bargaining the higher the relative value of the minimum wage. The two institutions are thus to some extent complementary. The estimated correlation between the two variables shown in figure 6 is moderately positive at +0.46. Countries classified as having either an ‘inclusive’ or ‘dual’ model of industrial relations (following the definitions in Gallie 2007) tend to be in the upper right-hand corner of the graph with above-average collective bargaining and an above-average value of the minimum wage. Other countries classified as having an ‘exclusive’ industrial relations model are more likely to be located in the bottom left-hand corner of the graph. There are exceptions to this pattern. In particular, Spain (and Greece) has a relatively high level of collective bargaining coverage but sustains a relatively low value minimum wage for reasons we explore further below. One reason for the positive relationship is that strong collective bargaining coverage is associated with a more compressed wage distribution, which in principle raises the relative level of low wages. This compression in bargained rates is likely to have an upwards effect on the setting of the minimum wage level as well (EC 2008: 83). It is also possible that social partners are in a stronger position to argue for a higher national minimum wage – either because this suits their pay equity strategy or, as the EC (2008) study argues, because it avoids low wage competition which might damage centralised wage agreements.13

### Net Benefit- International Law

#### Collective bargaining rights are enshrined under international law.

#### MIRER 11 [Jeanne Mirer, who practices labor and employment law in New York, is president of the International Association of Democratic Lawyers. Marjorie Cohn is a professor at Thomas Jefferson School of Law and past president of the National Lawyers Guild, “International Labor Rights Group: Assault on Collective Bargaining in the US is Illegal”, Global Research, March 12, 2011, DDA]

Anyone who has watched the events unfolding in Wisconsin and other states that are trying to remove collective bargaining rights from public workers has heard people protesting the loss of their “rights.” The ICLR explained to the legislature exactly what these rights are and why trying to take them away is illegal. The ICLR is a New York based non-governmental organization that coordinates a pro bono network of labor lawyers and experts throughout the world, www.laborcommission.org. It investigates labor rights violations, and issues reports and amicus briefs on issues of labor law. The ICLR identified the right of “freedom of association” as a fundamental right and affirmed that the right to collective bargaining is an essential element of freedom of association. These rights, which have been recognized worldwide, provide a brake on unchecked corporate or state power. In 1935, when Congress passed the National Labor Relations Act (also known as the NLRA, or the Wagner Act), it recognized the direct relationship between the inequality of bargaining power of workers and corporations and the recurrent business depressions. That is, by depressing wage rates and the purchasing power of wage earners, the economy fell into depression. The law therefore recognized as policy of the United States the encouragement of collective bargaining. While the NLRA covered U.S. employees in private employment, the law protecting collective bargaining in both the public and private sectors has developed since 1935 to cover all workers “without distinction.” The opening paragraph of the ICLR statement reads: “As workers in the thousands and hundreds of thousands in Wisconsin, Indiana and Ohio and around the country demonstrate to protect the right of public sector workers to collective bargaining, the political battle has overshadowed any reference to the legal rights to collective bargaining. The political battle to prevent the loss of collective bargaining is reinforced by the fact that stripping any collective bargaining rights is blatantly illegal. Courts and agencies around the world have uniformly held the right of collective bargaining in the public sector is an essential element of the right of Freedom of Association, which is a fundamental right under both International law and the United States Constitution.” The ICLR statement summarizes the development of this law from the Universal Declaration of Human Rights, through the International Labor Organization’s Conventions on Freedom of Association (that is, the right to form and join unions) and on Collective Bargaining. It cites court cases from the United States and around the world. All embrace freedom of association as a fundamental right and the right to collective bargaining as an essential element of freedom of association. Some anti-union voices argue that since federal employees presently do not have the right to bargain collectively, neither should state workers. In fact, the argument should go the other way. The law cited in the ICLR statement means that denying Federal employees collective bargaining rights – which they have had over the years when presidents have recognized them by executive order – is just as illegal as denying collective bargaining rights to state public employees. President Obama should take this opportunity to reinstate the rights of Federal employees to collective bargaining.

### Net Benefit- Social Movements

#### Empirically, increased abilities for workers to participate in collective bargaining have gone hand in hand with making social movements effective.

#### ILO 11 [International Labour Organization, “The global crisis: Causes, responses and challenges”, 2011, DDA]

Promoting a sustainable recovery and eliminating fiscal deficits is no ordinary public policy exercise; it is a societal project that requires broad consultation and careful preparation (Bourgon, 2010). Three reasons make social dialogue essential, even in times of austerity: (a) it provides policy-makers with all the necessary information for effective policy design; (b) it improves the chances of buy-in (ownership) and therefore effective implementation of such policies; (c) it improves the chances of maintaining balance in such policies by mitigating their adverse effects on the most vulnerable groups. Most important, reinforcing institutions of social dialogue and collective bargaining is fundamental if the solution for a sustainable recovery lies in “income-led growth” models – that is, the growth of real wages in a way that reflects productivity gains and reduces the need for sustaining consumption through recourse to private debt or government subsidies (Torres, 2010a; IILS, 2010). If social dialogue plays its role, not only is adjustment likely to follow “the right sequence and pace”, it could also help to promote alter- native policy choices which are fairer for all and more sustainable, thus effectively reversing one-size-fits-all policy decisions, which are often presented as “inevitable” by the financial markets. For this to happen, there is a need to strengthen the voice and rebalance the negotiating capacities of the social partners in times of structural adjustment. One possible way of doing so is to build alliances between the social partners and also between them and social movements. Examples of such alliances include the historical precedent of South Africa, where trade unions have, at times, sided with social movements representing the interests of the unemployed, youth, women and the poor. A recent example is provided by the events currently unfolding in the Arab States where unions have sided with social movements which did not have a traditional leadership structure and were not headed by a specific leader, making it difficult for the public authorities to strike social pacts to end their mobiliza- tion. Finally, the unprecedented case of Greece, where employers and workers marched together in protest against austerity measures, is another example. As a complement to such alliances, the capacity of trade unions to mobilize at cross-border level may emerge as an important way of rebalancing bargaining power, not only at EU level, where this issue has been the subject of extensive discussion, but also at the global level (Bercusson, 2008).

### Net Benefit- Informal Sector

#### Collective bargaining can be applied to all workers, regardless of whether they are in the informal sector—International conventions prove

#### ILO 11 [International Labour Organization, “The global crisis: Causes, responses and challenges”, 2011, DDA]

The belief that workers in the informal economy are outside the scope of application of international labour standards is a common misconception (ILO, 2010u, p. 9). The fact that international labour instruments may not be widely applied in practice in the informal economy does not mean they are not relevant to it (ibid., p. 81). Several Conventions and Recommendations have provisions referring specifically to the informal economy, while a number of ILO instruments apply explicitly to “workers” rather than the legally narrower term “employees”, or do not contain language limiting their application to the formal economy (Trebilcock, 2004, p. 590). For instance,

ILO fundamental Conventions on freedom of association (Nos. 87 and 98) explicitly state that all workers (including those in informal economy) without distinction enjoy the fundamental rights which flow from freedom of association. Thus, workers in the informal economy have the right to organize and engage in collective bargaining (where there is an employer). They may freely establish and join trade unions of their own choosing for the furtherance of their occupational interests and may carry out their trade union activities (elections, administration, formulation of programmes) without intervention from the public authorities. Most importantly, they have the right to represent their members in various tripartite bodies and social dialogue structures. (ILO, 2010u, pp. 58–59).

### Net Benefit- Workers’ Rights

#### Collective bargaining protects a broader spectrum of workers and improves workers rights in areas beyond nominal wages.

#### ILO 08 [International Labour Organization, “Minimum wages and collective bargaining: Towards policy coherence”, Published by the International Labour Office, 2008, DDA]

This section focuses on the appropriate articulation and design of minimum wages and collective bargaining policies. As we have seen, in many countries collective bargaining is facing difficult challenges, which may be linked to globalization, new forms of employment or the growth of subcontracting. In other countries, collective bargaining has been presented as a source of rigidity and the common recommendation has been to replace higher level collective bargaining with bargaining at the enterprise level. In many of these cases, to protect the most vulnerable workers in the labour market, governments seem to have turned towards minimum wages policies as a substitute for collective bargaining. In the absence of strong collective bargaining, governments somehow seem compelled to intervene in wage determination through minimum wages. This has sometimes led to very complicated systems of industry, sectoral and occupational minimum wages. The reliance on overly complex systems of minimum wages rather than collective bargaining is unfortunate for at least two reasons. First, the role of collective bargaining goes much beyond protecting vulnerable workers – it actually benefits a broader spectrum of workers than do minimum wages. Collective bargaining also goes beyond wage negotiations to include other aspects of working conditions, such as hours of work and quality of employment. Second, minimum wages that set wage rates for many categories of workers in different industries can end up discouraging collective bargaining instead of stimulating it. While some negotiations between social partners over minimum wages have contributed to stimulating collective bargaining, in the majority of cases complex minimum wages were found to “crowd out” collective bargaining. This negative experience points towards the importance of careful and coherent policy design. In the following paragraphs we therefore review some good practices related to the design of a complementary and coherent set of minimum wages and collective bargaining policies.

#### Disad to the perm- use of complex statutory minimum wage codes directly trades off with workers’ abilities to engage in collective bargaining.

### Net Benefit- Labor Relations

#### CP increases social cooperation and labor relations—empirics.AGHION 08 et al. [Philippe Aghion (Harvard Professor of Economics), Yann Algan (Professor of Economics at Paris School of Economics) and Pierre Cahuc (Professor of Economics CREST-ENSAE, Ecole Polytechnique). “Can Policy Ináuence Culture? Minimum Wage and the Quality of Labor Relations”, Centre Pour La Recherche Economique Et Ses Applications, January 2008, DDA]

In countries with very high union density and with highly cooperative labor relations, the state typically does not regulate the minimum wage. In such countries, there is no need for a legal minimum wage because social partners negotiate wages in a cooperative way. In countries with strong state regulation of the minimum wage, social dialogue tends to be less developed, union density is low and so is the quality of labor relations. Our paper develops an explanation for these contrasting situations. We argue that strong state regulation of the minimum wage crowds out social experimentation and learning about cooperation. This crowding out may thus progressively undermines cooperation and lead economies towards steady-state equilibria characterized by bad labor relations and high minimum wage regulations. Thus state regulation of the minimum wage can have large long run costs that have been largely disregarded by the economic literature so far. The importance of the contrast between Scandinavian countries, which display good labor relations and good labor market performance on one hand, and the Mediterranean countries, with bad labor relations and bad labor market performance on the other hand, suggests that such costs might actually be large.

#### CP increases trustful labor relations and decreases usage of statutory minimum wages- empirics prove.

#### AGHION 08 et al. [Philippe Aghion (Harvard Professor of Economics), Yann Algan (Professor of Economics at Paris School of Economics) and Pierre Cahuc (Professor of Economics CREST-ENSAE, Ecole Polytechnique). “Can Policy Ináuence Culture? Minimum Wage and the Quality of Labor Relations”, Centre Pour La Recherche Economique Et Ses Applications, January 2008, DDA]

As shown by Figure 1, OECD countries differ a lot in the extent to which they rely on direct state intervention rather than on social partners to regulate labor market. In particular, we see a strong negative correlation between union density and an index that measures the extent of direct state interventions in minimum wage regulation. This index encapsulates the existence of a legal statutory minimum wage, its level compared to the median wage, the existence of potential derogations from the law, such as the provision of sub-minimum wages for certain categories, and the existence of legal extensions of minimum wages set by collective agreements.5 Figure 1 shows that Scandinavian countries regulate their labor relations with powerful trade unions and very little state intervention to set minimum wage. At the other extreme, Mediterranean countries are characterized by stringent state regulations of the minimum wage and low union rates. This contrast is mirrored by an equally strong cross-country heterogeneity with regard to individuals’ beliefs about the cooperative nature of labor relations between employers and employees. According to international surveys on the level of cooperative attitudes in the labor market, countries with high unionization rates are characterized by much higher confidence in unions and in the possibility of cooperation between employers and employees. By contrast, countries where union membership is low, and state regulation of wage is high, are also characterized by a high level of mistrust about unions and distrustful labor relations.6

### Underview

Dictionary.com defines just as “only or merely,” which means the aff burden is to prove that ONLY governments ought to give the living wage, excluding other possible actors. Prefer this interpretation since:

 A) Resolvability- if “just” indicated a normative concept like “morality”, the resolution would include double normative language, which would cause the topicality question of what constitutes a “just government” to be influenced by the framework debate. Makes the debate irresolvable because \_\_\_\_- Only a non-normative definition of “just” solves. Resolvability is key to fairness since it is key to an objective judge decision. B) Depth- my interp requires warrants for living wage to be specific to governments. Under a “moral” definition, debaters could read abstract warrants for living wage generally that apply to governments, but are not derived from the form of politics, so only my interpretation i) increases specificity of our education and ii) ensures discussion of political philosophy, which outweighs normative philosophy on education because \_\_\_\_\_\_. Depth outweighs breadth since it increases quality of education, i.e. it is more educational to read 1000 pages of 1 book than 1 page of 1000 books. C) Grammar- Grammar dictates the adverb form of “only” since the point of an adjective is to describe a feature about an agent or object not already indicated in the sentence However, the word “ought” already indicates implicitly the actor is bound by morality, which makes an interpretation of “just” as an adjective pointless. Fairness is important because debate is a competitive activity and the winner can’t be determined if there is an unequal playing field. Education is important because it’s the purpose of debate.

4 Implications:

1. Vote neg- the aff framework proves that the living wage is generally good, which implies any societal actor, including individuals, companies, governments, etc. all ought to require a living wage, not ONLY governments. *[Any abuse from this interp is self-imposed because they read a non-strategic framework. To affirm under this interpretation the aff merely had to justify a moral framework that uniquely applies to the form of the government. It’s not my fault they didn’t.]*

2. Perms to the CP are reasons to vote neg—they prove that collective bargaining agreements and the government should require employers to pay a living wage, but the aff burden is to prove that ONLY governments should require the living wage.

3. Vote neg if they win their interp-- Under their interp, they would have to show that their society is just in order to be topical, but what is “just” is defined by their framework. That means if the aff actor hasn’t always acted in accordance with the framework, the aff isn’t topical. Either a) the aff isn’t topical because it doesn’t have living wage, and a just society would have living wage OR b) the aff does have living wage, but isn’t inherent- vote neg if the aff isn’t inherent because

4. No RVI on these arguments—They’re just framing of how you evaluate the debate on substance, not theoretical reasons to drop them

### Framework

Part one is the meta-ethic of self-actualization. This theory states that the primary focus of ethics is to actualize or make real the naturally defined human purpose. There are four warrants:

First, political philosophy is a question of how people should be treated by the government. This means it must be oriented towards humans, because they’re the foundation of any ethical project. This is also true in the case of the resolution, as it asks if the state should require individuals to pay a living wage. However, asking about humans necessarily commits ethics to promoting the fulfillment of some human purpose, because analyzing anything about humans shows us what the human good is through a human purpose. **Wood** explains: [“Hegel’s Ethical Thought” 1990. Allen W. Wood: Professor of Philosophy at Indiana University. Book: Page 32.]

**“The starting point of** a **self-actualization** theory **is a** certain **concept of what human beings *are*** - a concept **that cannot** ultimately **be divorced from** the practical self-concern that belongs necessarily to **being a self.** Hegel sees this as the point of the classical injunction *Gnothi seauton* ("Know thyself") *(EG* § 377). **In seeking** the **knowledge demanded by this injunction, it is** bound to be **inappropriate** to try **to draw any** ultimate **distinction between "facts" and "values,"** or between theoretical and practical rationality. **Asking** with self-concern **what it is to be human is the same** thing **as asking what** sort of **human** being **one is to be**; it is asking about what Hegel calls one's *Bestimmung* - about one's nature and simultaneously about one's vocation. This is the reason Hegel's own account of "subjective spirit" (of the human individual) in the *Encyclopedia* moves from a discussion of embodiment *(EG* §§ 388-412) through consciousness and reason *(EG* §§ 413-439) to theoretical spirit *(EG* §§ 440-468) and ends with practical spirit *(EG* §§ 469-480) defining itself as free spirit *(EG* §§ 481-482).Hegel tells us that what have traditionally been thought of as the self's different "faculties" are not so much diverse capacities or activities, as different (and more or less adequate) conceptions of mind or spirit itself and as a whole, or stages in its development toward self-knowledge *(EG* §§ 379,A, 380). The "practical spirit" or "will" therefore includes the theoretical, because **the basis of theoretical concern is practical concern, concern with what I am and am to be** *(PR* § 4A). And the outcome of this concern is the awareness that what I am is freedom, that is, a being whose vocation is to know itself and actualize its knowledge of itself (EG § 48I).**”**

Second, a purpose is by definition the object for which something exists, so if there is a purpose, then it is by definition normative in character. That means the government should promote the fulfillment of human purpose because ends that are normative in character ought to be brought about regardless of agent.

Third, the government is obligated to promote the fulfillment of human purpose because societal institutions are created by humans as a tool for the achievement of their purpose. **Gerson** writes: [“Chapter 5: The Morality of Nations: An Aristotelian Approach,” 2007. Lloyd P. Gerson: Professor of Philosophy at the University of Toronto. Book: Aristotle’s Politics Today.]

**“If the nation is an association, then** it is clear that **its purpose is** in general the happiness of the voluntary moral agents who are its members. The nation itself, as a non-moral agent, does not have its own purpose except in a non-moral way, that is, in the way described in the "intentional stance." I say voluntary because the purpose of a state is just **the purpose of its members.**And having purpose in action is one way of defining what is voluntary.**All**the artifacts that contribute to the association—here I mean **laws, institutions,**buildings,**and so on**--have to be understood as**draw**ing **their legitimacy [and]**, indeed, their very **intelligibility,** **to their subservience to this** fundamental **purpose. The best criterion to employ judging the value**and effectiveness of the artifacts **of a national association is how they contribute to** the happiness of **its members.”**

Fourth, all ethical theories necessarily derive the human good from something within human nature. Because this is the question upon which ethics is based, the job of ethics is to determine what the true human purpose is based on something about humans. **Wood** 2 writes:

**“**If there is any hope for ethics as a branch of rational inquiry, it lies in showing how ethical conceptions and a theory of the human good can be grounded in human self-understanding. Ethics must be grounded in a knowledge of human beings that enables us to say that some modes of life are suited to our nature, whereas others are not. In that sense, **ethical theories** generally **may be regarded as theories of** human **self-actualization. Plato grounds his ethics in psychology, and Aristotle identifies the human good with a life actualizing the human essence** in accordance with its proper excellences. **Even the ethical theories of modern times rest on some** identifiable **conception of human beings, Kantian theories conceiving human nature as finite rational will, and utilitarian theories identifying human beings with bundles of desires**, preferences, or affective states.**”**

Next is the ethic of absolute internal freedom. This ethic seeks to promote the ability to reflect and chose between desires.

As rational beings, humans must reflect upon desires. This requires second-order desires to determine which desires humans will truly accept as their own. Because this process is fundamental to all human action, humans are naturally aimed towards unifying this process. **Wood** 3:

**“**Hegel follows up on this suggestion when he tells us quite explicitly why he thinks we form an idea of happiness rather than adopting a policy of monomania: “If I place myself merely in one [of my drives], disregarding all others, then I find myself in a destructive state of limitedness, for I have given up my universality, which is a system of all drives” (PR § 17A). Hegel holds that **we** best **make sense of our desire for happiness by supposing that our final good is the assertion of our** “universality” or **selfhood, which requires us to express ourselves through a** coherent **system of desires.** This same aspiration to selfhood can already be seen in the activities of resolving and choosing which we looked at earlier. Anticipating Heidegger, Hegel notes that an equivalent expression for “resolve” (*beschliessen*) is *sich entschliessen* – etymologically, “unclosing oneself” (PR § 12). **When I resolve, converting my** indeterminate **drives into desires for** determinate **objects, I am** in effect **transforming** general human **needs into** the **desires of this individual** person. **I am expressing**, or even defining, **my self.** As Hegel puts it: “Through resolving, the will posits itself as the will of a determinate individual” (PR § 13). Likewise, **in** reflecting on and **choosing between** my determinate **desires, the point is to define myself by deciding which desires I will identify as** truly **mine.** Human desires are not just brute givens for consciousness; they become my desires by being defined through resolve and by being posited as mine through choice. This is true because it is the function of human desires to express the self whose desires they are. But this self, Hegel insists, is something “universal”; it is the function of forming an idea of happiness to vindicate this universality. This claim might seem paradoxical at first, since it might seem that the point of defining my self through resolve and choice is to do away with what is universal about my aims, vindicating my particularity. But the universal Hegel is thinking of here is not merely what I have in common with all other selves or human beings (this conception of universality, we should recall, is what Hegel attributes to the “dead understanding”). Hegel is thinking of the *self* as a true or rational universal, in relation to the various elements (desires, traits, acts, states of consciousness) that constitute it. A true Hegelian universal, like a Platonic or Aristotelian universal, exhibits itself in the different particulars that participate in it, determining each of them in a specific way by its presence. **A self** for Hegel **is** a **universal because it** is something that **manifests itself in** each ofits determinate **desires and acts by connecting them.** A self is defined and expressed in its desires when it relates to them as a universal relates to its particular instances – that is, when these desires have to be the determinate desires they are, and when they have to be such because they are the desires of this determinate self. **My self attains to this universality when its desires form a whole that is coherence,** not only in the sense that it involves few conflicts, but even more **in the sense that my** various **desires** systematically **support**, explain, **and justify one another**, perhaps analogously to the concepts and propositions of a well-constituted theoretical system. What lies behind the desire for happiness, then, is the desire to manifest my “universality, as a system of all drives” (PR § 17A). **We form the idea of happiness not** so much in order **to get the satisfactions that constitute it as** in order **to bring it about that our desires are** adequate **expressions of our** universal **self.** For this reason, Hegel says that **the** true function of the **idea of happiness is one of** “education” and **“purifying” our drives**, “freeing them from their *form* as immediate natural determinatenesses, and from the subjectivity and contingency of their *content*,” transforming them into “the rational system of volitional determination” (*das verüftige System der Willensbestimmung*) (PR § 19). “**The rational system** of volitional determination” **is** nothing but **absolute freedom**: being with myself in my desires or determinations. Thus Hegel says that the “truth” of happiness is freedom of the will, “the free will that wills the free will” (EG § 480; PR § 27). He further insists that it is only freedom, and not happiness or well-being, that deserves to be called the human *good* (PR § 123A). If “eudaemonism” is the view that our own happiness is the good (VPR 4: 135-136), then Hegel is arguing that eudaemonism, when reduced to its basis, is self-refuting, because the best rationale for guiding one’s conduct by the idea of happiness is one that implicitly recognizes the priority of freedom over happiness as a human good.**”**

Absolute freedom, a form of freedom in which all of one’s desires are unified, is a pre-requisite to any other form of freedom. **Rose**: [“Hegel’s Theory of Moral Action, its Place in His System and the ‘Highest’ Right of the Subject” David Rose. Cosmos and History: The Journal of Natural and Social Philosophy, vol. 3, nos. 2-3, 2007.]

**“**However, Hegel wants subjects to be held responsible for their actions in order to distribute praise and blame as demanded by the retributivist theory of punishment. The first determination of free action on its own is unable to fulfil this goal since it ‘fails to cast the agent in his proper role’. **Reasons,** that is dispositions and beliefs, **cause an intention which causes an action**, but the agent just does not feature and **it is agents we hold responsible and not their** beliefs and **dispositions.** So, reasons must effect something (viz. an agent) in order to become intentions and since reasons do not always produce the same intention in differing agents, something is missing in the causal explanation in order to make it plausible. Of course, one could cite the agents’ differing webs of beliefs as the differentiating factor in diverse responses, but it is still possible for an agent to be moved by beliefs despite himself. Cases such as coercion and addiction feature an agent who is in accordance with the standard model (‘I believe the robber’s gun is loaded and I do not want to die’; ‘I am in a state of wanting and I believe that the drug will alleviate this’), but, phenomenologically, these stories do not seem to capture the real nature of human action. It makes intuitive sense to say that ‘it was not me’ or ‘I wasn’t acting on my own will’ and such statements do have a legal—if not metaphysical—resonance. Coercion and addiction have been problematic for the empiricist model since Hobbes and the only real response is to say that the model of action proposed explains, but does not evaluate the actions of agents in terms of intentions. Evaluation must rest on controversial doctrines such as free-will or responsibility and these concepts play no role in the explanation of action. In other words, there is no way on this simple causal model to distinguish human action or full-blooded action from animal action or non-intentional action. The distinction between animal and human action maps neatly onto the Hegelian person versus subject dichotomy: with the former, the content of the will is given, whereas with the latter the content is chosen and hence is the subject’s in the genitive sense. Hegel captures this determination of full-blooded moral action with his second determination (β). The phenomenology of human action involves reference to the agent and the empiricist model appears to negate this aspiration. **To account for cases of** coercion and **false consciousness, the subject has to freely endorse** his or **her end for the action to be properly** his or **her own.** Hegel puts this in terms of obligation: the intention is to be known as a good-for-me (β). In the case of coercion, the bank teller has a conflict of goods: self-preservation versus fulfilling his role. The former motivation trumps the latter but the agent is not free because he is not acting from his own will, it is the presence of an external factor which obstructs his free action. What is more Hegel’s motivation for formalizing a theory of action is, as has already been stated, so that punishment practices can be rationalized. Both of the statements ‘I did it’ and ‘it was an act I brought about in the world’ seems to invoke the agent in the causal chain and not just elements (beliefs and dispositions) which can be identified with the agent. The difference between a person and a subject is that he or she must somehow endorse those actions as his or her own. What Hegel recognizes about a pure causal explanation is that it is only partial and cannot, if lauded as the be all and end all of human action, supply the foundations for proper moral evaluation. Hegel’s account needs to talk of actions and degrees of agent participation in order to distinguish between cases of coercion, deception and crime. For, although it is able to explain an action, the causal model’s explanations are inadequate to ground an evaluative judgement. One needs to move away from the person (a collection of given dispositions and beliefs) to the subject (the agent who is ‘at home’ with his intentions and motivations): freedom is only present where there is no other for me that is not myself. The natural man, who is determined only by his drives, is not at home with himself; however self-willed he may be, the content of his willing and opining is not his own, and his freedom is only a formal one (el § 23 a2). The natural man (and the person) is akin to the coerced agent and all are ‘self-willed’: free if he is able to act on the content of his will and not free if he is obstructed from doing so. However, there is no full responsibility since the content of the will is given and ultimately no different from external causes, psychoses, neuroses and the will of others imposed on one. Full blooded human action involves the proper recognition that what one did, one wanted to do and would justify it if asked. Hegel expresses these very sentiments in his second determination (β). **The animal has no choice but to obey its desires**, neither does the small child; **they bear little responsibility for their actions.** Subjective freedom for them—like the person—resides in the satisfaction of the will’s desire whatever its content may be. **Human action is different in that certain desires** and preferences **are privileged even if they are not** so **pressing and these can be articulated as values.** Furthermore, values need not be exclusively moral since responsibility concerns all self-regarding actions (self-interest, prudence and morality). **The process of** the **rationalization of desires permits the recognition of the ‘good’ of the subject’s purpose**, be it moral or prudential, and he perceives it not only as a desire to be satisfied (personal freedom) but a desire worth satisfying (moral freedom). And **this means we can** now **evaluate** rather than just explain an **action.** We identify the role of the agent’s intention in the causes bringing about the event, and then are able to say whether or not the action is properly the agent’s own if he or she wanted it to be the case (that is, posits it as a purpose). **Responsibility requires that subjects** self-consciously know and **freely choose their purposes for the predicate ‘mine’ to be attached to the action.** An explanation of action requires no real notion of freedom, but an evaluation of action does. In dialogue, the actor would admit what he did as his own and his good and not the good of an alien will acting through him (coercion, false consciousness, and so on).**”**

And, only through the active promotion of collective goals can humans achieve absolute freedom since collective goals give objective and rational values which humans can focus their first order desires upon. **Wood** 4:

**“**The end of spirit in history, and the foundation of Hegelian ethical theory, is the self-actualization of freedom. The modern state, however, is "the actuality of concrete freedom"; concrete freedom consists in "the complete development of personal individuality and the recognition of its right for itself" combined with their "transition through themselves and with knowledge and will into the interest of the universal, so that they recognize it as their substantial spirit and are active for it as their final end" *(PR* § 260.) In other words, concrete **freedom is actual when** free **people**, whose individuality is fully developed and protected by right,choose to **devote themselves to a** universal or **collective end** which they acknowledge **as the foundation of their** individual **worth** itself. In the rational modern state, the common end is not put ahead of individual interests or promoted by coercing or manipulating individual wills. At the same time, individuals do not lead lives devoted to their own private good or the good of their family of class. Their deepest individual self-actualization is found in their promotion of the common good. "Neither is the universal accomplished and given validity without particular interests, knowledge, and will, nor do individuals live only for the latter as private persons without at the same time willing in and for the universal, consciously being effective in behalf of this end" *(PR* § 260). **This is freedom in the** Hegelian **sense of "being with oneself in an other" because in it the free** individual **person** and subject **achieves rational awareness of its** own **final end as an** objective, social **end**, **with universal significance.** "My substantial and particular interest is contained and preserved in the interest and end of another (the state) in its relation to me as an individual - so this other is immediately not an other for me, and in that consciousness I am free" *(PR* § 268; *EG* § 535).**”**

And, absolute freedom requires a commitment to collective ends because they supply the necessary second order desires and values for the achievement of absolute freedom. **Rose** 2:

The objective freedom of ethical life makes possible the satisfaction of rational desires, projects and aspirations and this is an elaboration of the right of objectivity present in the abstract theory of action; a right which renders apparent the requirement of shared categories from which the subjective intention can reliably be reconstructed (as in the case of the mother). Ethical life is the substantial description of the possible determinations of one of its members and is, then, liberation because it purifies and rationalizes the drives of the individual (PR § 19). Objective freedom is freedom because it liberates the subject in three ways: one, from a dependence on immediate drives; two, from having to produce the categories for comprehension (values, rights and duties) for himself ex nihilo; and, three, from the need to determine good from his own conscience (PR § 149). The three institutions of modern society—that is, the liberal, bourgeois family, civil society and the modern political state—all combine to fulfil these conditions of objective freedom. It is these determinations of ethical life which constitute the objective freedom of the subject in that they enable him to satisfy his desires, wants and aspirations, to simultaneously pursue the good and to be certain of recognition by the other (EPM § 538). Hegel’s claim, then, is that the subject as he has described it in ‘Morality’ can only be fully free when his or her objective freedom is secured by these modern institutions.28 Sittlichkeit is, in one of its aspects, the world constructed by social reasons for actions. 29 It supplies motivations and obligations for the agent in virtue of his membership and his role in this institutional order and also makes possible recognition of him as a free-self-determining being (PR § 151; EPM § 513).

## 2NR

### AT- Theory

#### CP models how most extensions are implemented.

EUROFOUND 02 **[Eurofound (European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe), “Collective bargaining coverage and extension procedures”, December 17, 2002, DDA]**

In the overwhelming majority of countries, the full range of provisions covered by a collective agreement is regularly extended while different provisions apply in Ireland, Belgium and Denmark. In Denmark, for example, extension provisions are used only to transpose the contents of EU Directives (DK0112158F), while in Ireland only provisions on minimum wages and working conditions may be extended. In Belgium only a limited range of issues is subject to extension. While limitations in these countries are part of the legal framework which governs extension mechanisms, other countries provide some more flexibility. In Hungary and Germany the law allows for the extension of a selected range of collectively agreed provisions, and particularly in Germany this leads to a rather piecemeal extension of selected provisions.

#### The CP has been implemented—Sweden proves.

#### GRIMSHAW AND RUBERY 10 [Damian Grimshaw (credentials) and Jill Ruber (credentials), “Minimum Wage Systems and Changing Industrial Relations in Europe: Comparative Report”, European Work and Employment Research Centre, October 2010, DDA]

In Sweden, minimum rates are set in all sectors through collective agreements. High coverage of collective agreements – approximately 90% - ensures wide, national coverage of sector-based minimum wages, even in low wage sectors (Skedinger 2009: 358-360). The general stability of both country systems (notwithstanding the recent policy shifts in Germany) is demonstrated by Visser’s (2009) scoring of the two countries in his classification of minimum wage-setting mechanisms. Both Germany and Sweden score 1 on a scale of 0-8 throughout the 1980-2007 period, defined as ‘minimum wages set by collective agreement or tripartite wage board in some sectors’; see the note to figure 2 for a full description of the different categories.

#### CP is core neg ground—large variation in implementation of living wages, and the CP confronts the core divide between the 2 main systems.

#### GRIMSHAW AND RUBERY 10 [Damian Grimshaw (credentials) and Jill Ruber (credentials), “Minimum Wage Systems and Changing Industrial Relations in Europe: Comparative Report”, European Work and Employment Research Centre, October 2010, DDA]

All European member states have some form of minimum wage system. Minimum wages may be applied using government legislation (currently found in 20 EU member states) or they may be a by-product of social partner collective agreements (found in seven member states) with supplementary statutory extension regulations in some cases. Within each of these two basic models of minimum wages, countries display an enormous variety of rules and conventions that shape the functioning, effectiveness and performance of a minimum wage. There is variety in the use of single or multiple rates, in the roles of social partners and government in minimum wage setting, in the value of the minimum wage and trends over time, its interaction with welfare policy and its distributive effects on wage structure, especially on the incidence of low pay and gender pay equity (Bazen 2000, Brosnan 2003, EC 2008, Eyraud and Saget 2005, Freeman 1996, Funk and Lesch 2006, Schulten et al. 2006, Vaughan-Whitehead 2009a). Recent country developments highlight the diverse functioning of minimum wages as well as their potential to spark conflict over policy intervention. For example, in Hungary there is continuing debate about its initiative to use multiple minimum rates differentiated by skill; in Germany there is vigorous debate over the need for a new minimum wage system to protect low wage workers; in Croatia social partners have conflicting views on a new uprating mechanism; trade unions and living wage campaigners in the UK have been lobbying for a higher minimum wage; and the government’s ambition for a higher minimum in Spain is presenting potential challenges for collective bargaining.

#### CP is grounded in the topic lit—it’s one of the 3 main minimum wage systems used in Europe.

#### ELDRING AND ALSOS 12 [Line Eldring and Kristin Alsos “European Minimum Wage: A Nordic Outlook”, FAFO report 2012, Fafo is an independent and multidisciplinary research foundation focusing on social welfare and trade policy, labor and living conditions, public health, migration and integration, and transnational security and development issues. Fafo works within both a domestic Norwegian and larger international context, DDA]

In the following, we will review some main features of regulatory mechanisms for minimum wages, before turning to the specific schemes in the next chapters. Regula- tion of minimum wages in the Nordic countries and Europe is based on collective agreements and/or legislation at the national level. We can distinguish between three main forms of minimum wage: • Statutory minimum wages. Determined by legislation or pursuant to legislation. Commonly one rate for all adult employees, valid throughout the labour market. Motivated by a desire to ensure a decent living standard. This kind of statutory minimum wage is not found in the Nordic countries. • Extended minimum wages. Expansion of the coverage area of the minimum wages determined by collective agreements to have validity in an entire region, industry and/or profession, irrespective of whether the employer and/or the employee is organised. Extension of collective agreements is common in Finland and Iceland, and has been introduced in Norway in recent years. • Collectively agreed minimum wages. Negotiated between the parties to a collective agreement to reflect the employers’ minimum ability to pay, but can be supplemented with local rates. Collectively bargained minimum wages are of great importance in the Nordic countries. Statutory minimum wages: This refers to a minimum wage which is either determined by legislation or pursuant to legislation. The specifics of how the statutory minimum wage is determined vary from one country to another. The main point is that the legislator has determined a minimum wage level or a procedure for determination of a minimum wage. Statutory minimum wages can be guaranteed for all employees of a country, although exceptions can be made for certain groups. The minimum wage can also be graded, first and foremost on the basis of age. As a rule, there will be one rate for adult employees which will apply to all or most parts of the labour market. As such, the minimum wage level will be well known. Statutory regulation determines a floor for wages. This floor will be invariable downwards, but variable upwards. Extended minimum wages: Many European countries have mechanisms for expanding the coverage area for collectively agreed minimum wages. These mechanisms mainly involve various forms of extension of collective agreements, whereby minimum wages and other provisions are made generally binding (extension can also apply to normal wage rates). The most common procedure is to apply major parts of the collective agreement not only to the parties to the agreement and their members, but to the entire industry or profession that falls under the scope of the agreement. An unorganised enterprise with non-unionised employees must thereby conform to the extended minimum wage level, even though the employees’ opportunities to bargain collectively for local supplements may be far weaker than in organised enterprises. Collectively agreed minimum wages: These are a completely different form of mini- mum wages. As a rule, the collectively agreed minimum wage will be higher than its statutory counterpart. However, the collectively agreed minimum wages apply only to the parties to the collective agreement, and are mandatory only for the parties’ members. Employers who are committed by the agreement may still be obligated by it also with regard to unorganised employees in the enterprise. Wage formation in the industry will also determine how many will receive the collectively agreed minimum wages, and how many who will be paid at levels above this floor with the aid of locally agreed supplements. With regard to collectively bargained normal wages, the opportunities for obtaining locally agreed supplements are far more limited. Otherwise, it will make no difference whether the collectively agreed wages are minimum or normal wage rates; the distance to the statutory minimum wage will be long in both cases. To simplify, we will therefore restrict our further discussion of collectively agreed wages to cover only minimum wage rates. As a rule, statutory and collectively agreed minimum wages will be determined on the basis of fairly different criteria and mechanisms. A number of conventions and recommendations by the International Labour Organization (ILO) seek to provide social protection to employees in the form a minimally acceptable wage level. According to the European Social Pact, the right of employees to a remuneration that ensures them and their families a reasonable living standard must be acknowledged. Such viewpoints provide the main basis for statutory minimum wages, and the cost of living will thereby also have an effect on the determination of the actual level. Collectively agreed minimum wages, on the other hand, are determined through bargaining between the parties, and result from the wage policies of the parties and their bargaining strength. If we assume that the minimum wage is determined by a central or nationwide collective agreement, the collectively agreed minimum wage rate is an expression of the floor for the local employer’s ability to pay. If the employer does not have this ability to pay, then the staffing must be reduced or the enterprise must shut down. If the employer has a better ability to pay, the employees will attempt to negotiate local wage supplements. Of the 27 EU member states, 21 have a statutory minimum wage, with rates that are approximately 30 to 50 percent of the average wage level. Collective agreement coverage in European countries varies from very low to very high. As can be seen from Table 1.1, the collective agreement coverage does not necessarily co-vary with the trade union density. One important reason for this is that most countries have additional schemes for extension of collective agreements. In the table we have grouped the countries according to their application of various schemes for regulation of minimum wages. The most common form is to have a statutory minimum wage and schemes for legal extension of collective agreements – this applies to 18 of the 29 countries included in this overview (27 EU countries, plus Iceland and Norway). Three of the countries have statutory minimum wages, but no extension of collective agreements. Only three countries – Italy, Denmark and Sweden – have neither a statutory minimum wage, nor extension of collective agreements. Italy, however, has a provision in her constitution stating that all employees are entitled to fair pay, which in practice means wages according to the collective agreements. None of the Nordic countries have a statutory minimum wage. In Sweden and Denmark the minimum wages are determined exclusively by collective agreements, and the parties rely on the effects of the collective agreement to spread to those who are not directly committed by them. This is also the case in Norway, even though the collective agreement coverage is lower. There is thus an opportunity to extend the collectively agreed minimum wage rates, and as of January 2012, parts of four industry agreements have been extended in Norway. In Finland and Iceland they also rely on collectively agreed minimum wage rates, but legal extension of collective agreements is far more common than in Norway.

#### GRIMSHAW AND BOSCH 12 [(Damian Grimshaw[[4]](#footnote-4) and Gerhard Bosch[[5]](#footnote-5), “Minimum wages and collective bargaining: A framework for examining multiple intersections”, University of Berkeley Institute for Research on Labor and Employment, Spring 2012, DDA]

Previous comparative studies make two general observations about the inter-relationship between a statutory minimum wage and the model of collective bargaining (EC 2008: ch3, Schulten 2006, Vaughan-Whitehead 2009a). First, countries with strongly coordinated collective bargaining and high levels of coverage tend not to have a statutory minimum. The group of European countries without a statutory minimum includes Austria, Denmark, Germany, Finland, Italy, Cyprus and Sweden.12 Also, while collective bargaining coverage in five of the six countries shown in figure 5 is at least 80%, this is not true of Germany, thus largely explaining why the issue of a statutory minimum wage has now risen to the top of the industrial relations agenda. For the others, strong collective bargaining has traditionally provided a functional equivalent to statutory protection, ensuring the lowest paid receive adequate protection (Schulten 2006: 12). A second general observation about the relationship between minimum wages and collective bargaining is that among countries with a statutory minimum, the stronger the collective bargaining the higher the relative value of the minimum wage. The two institutions are thus to some extent complementary. The estimated correlation between the two variables shown in figure 6 is moderately positive at +0.46. Countries classified as having either an ‘inclusive’ or ‘dual’ model of industrial relations (following the definitions in Gallie 2007) tend to be in the upper right-hand corner of the graph with above-average collective bargaining and an above-average value of the minimum wage. Other countries classified as having an ‘exclusive’ industrial relations model are more likely to be located in the bottom left-hand corner of the graph. There are exceptions to this pattern. In particular, Spain (and Greece) has a relatively high level of collective bargaining coverage but sustains a relatively low value minimum wage for reasons we explore further below. One reason for the positive relationship is that strong collective bargaining coverage is associated with a more compressed wage distribution, which in principle raises the relative level of low wages. This compression in bargained rates is likely to have an upwards effect on the setting of the minimum wage level as well (EC 2008: 83). It is also possible that social partners are in a stronger position to argue for a higher national minimum wage – either because this suits their pay equity strategy or, as the EC (2008) study argues, because it avoids low wage competition which might damage centralised wage agreements.13

#### AT- Theory: The CP represents the system in place in several European countries.

#### EUROFOUND 14 [European Foundation for the Improvement of Living and Working Conditions, The European Foundation for the Improvement of Living and Working Conditions (Eurofound) is a tripartite European Union Agency, whose role is to provide knowledge in the area of social and work-related policies. Eurofound was established in 1975 by Council Regulation (EEC) No. 1365/75 to contribute to the planning and design of better living and working conditions in Europe, “Pay in Europe in the 21st century”, 2014, DDA]

Although in nearly all cases there is some degree of social partner involvement (the only possible exception is Hungary; see Schulten, 2012: p. 90), it varies considerably between countries. Of course, the highest level of involvement is in those countries where minimum wages are set by collective bargaining, with no (or very little) government intervention. This is the case in the Nordic countries, Austria, Germany and Italy. In some of these countries, there is some marginal intervention by the government, either to extend the coverage of collective agreements in some cases (Finland and Germany) or to establish some kind of statutory legal minimum in particular cases (Austria and Italy).

#### ELDRING AND ALSOS 12 [Line Eldring and Kristin Alsos “European Minimum Wage: A Nordic Outlook”, FAFO report 2012, Fafo is an independent and multidisciplinary research foundation focusing on social welfare and trade policy, labor and living conditions, public health, migration and integration, and transnational security and development issues. Fafo works within both a domestic Norwegian and larger international context, DDA]



### AT- Perm

#### The perm is terrible—laundry list

#### ELDRING AND ALSOS 12 [Line Eldring (labor and social researcher and faculty member at FAFO) and Kristin Alsos (Research director at Fafo who specializes in researching collective agreement and labor relations) “European Minimum Wage: A Nordic Outlook”, FAFO report 2012, Fafo is an independent and multidisciplinary research foundation focusing on social welfare and trade policy, labor and living conditions, public health, migration and integration, and transnational security and development issues. Fafo works within both a domestic Norwegian and larger international context, DDA]

In our opinion, the Nordic position must be seen in light of several factors. Key- words include collective bargaining autonomy, contagion effects of collective agreements and the power of the organisations. First, the principle of the social partners’ autonomy is well established in the Nordic countries. This has also characterised these countries’ approach to the European community, and European regulations that impinge on the partners’ freedom to conclude independent agreements will necessarily meet with resistance. A statutory minimum wage represents a strong interference in the freedom of the partners to bargain for wage levels and wage growth. With the aid of the wage settlements, the partners bargain over how social wealth should be shared by the workers and the employers, and as a rule, the partners can reach an agreement. A statutory minimum wage is not determined on the basis of the creation of social wealth, but rather on what will be required to ensure an acceptable living standard. Second, we have seen that the Nordic countries have a diverging degree of collective agreement coverage, but also that average wage levels are above the collectively agreed minimum even in industries that have low coverage rates. This is because the collective agreements have a strong contagion effect beyond the unionised parts of the labour market. A statutory minimum wage would represent a strong competitor to the collective agreements, and it could become acceptable to relate to the statutory rather than to the collectively agreed minimum rates. Often, enterprises that are not committed by collective agreements will pay somewhat more than the statutory minimum, provided that there is a sufficient supply of labour. In a situation with high labour immigration – and thus a good supply of workers who accept low pay – two labour markets may develop: one covered by collective agreements and another relating exclusively to the statutory minimum. This situation may give rise to a considerable pressure on the collective agreements, since the employers will attempt to break free of their collectively agreed commitments. This type of behaviour has not so far been observed to any extent in the Nordic countries, but it has the potential to give rise to major disturbances in the labour markets. A third factor is associated with the power and position of the Nordic labour-market organisations. The Nordic partners are strong and well organised, but there is a wide- spread fear that they will be weakened if they lose their control over wage formation. When the partners no longer “own” this issue, motivation for being unionised could decline among employees as well as employers.158 If collective agreement coverage declines, part of the rationale for joining a union will disappear. Centralised wage settlements, holistic solutions and competing-sector primacy (“frontfag”) would thus become less normative for wage formation. In the longer term, this could spiral into a vicious circle that could erode the basis of the Nordic models. The regulation of a minimum wage would (in the final account) be made by the politicians, and introduce a strong and distracting signal with regard to the wage settlements. Inflation would play a considerably more prominent role than today, and regulation could become the object of political struggle rather than of bargaining between the partners.

#### CP is core neg ground—large variation in implementation of living wages, and the CP confronts the core divide between the 2 main systems.

#### GRIMSHAW AND RUBERY 10 [Damian Grimshaw (credentials) and Jill Ruber (credentials), “Minimum Wage Systems and Changing Industrial Relations in Europe: Comparative Report”, European Work and Employment Research Centre, October 2010, DDA]

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### AT- Crowds Out Small Firms

#### SCHULTEN 12 [Thorsten Schulten, Doctor of philosophy at Institute of Economic and Social Research, “The significance of extension procedures for collective bargaining systems in Europe”, 2012, DDA]

Based on neo-classically oriented insider-outsider models, the thesis has also been advanced that big enterprises that are well established in the market have a particular interest in DGAs, as they enable the setting of certain collectively agreed standards that newly founded firms are unable to meet. Thus, they discourage new firms from entering the market (Haucap et al. 2001). However, an objection to this view of the DGA as a protectionist instrument for market insiders is that collective agreement provisions are only minimum standards, and they are often surpassed precisely by the well-established big firms. But the opposite also applies: when markets are opened up, a lack of binding collectively bargained standards can easily lead to the lowering of levels previously set in collective agreements. Examples of this process have frequently been seen when public services are liberalized and privatized (Brandt/Schulten 2008; Schulten/Brandt 2012).

### AT- Harms Freedom of Association

#### SCHULTEN 12 [Thorsten Schulten, Doctor of philosophy at Institute of Economic and Social Research, “The significance of extension procedures for collective bargaining systems in Europe”, 2012, DDA]

In legal debates, DGAs are often criticized as breaches of what is called “negative freedom of association” (cf. e.g. Sittard 2010). This term is applied mainly to firms’ right to deliberately decide not to join an employers’ association and to make their own arrangements about working conditions. However, other lawyers take the view, which in Germany has also been confirmed by the Federal Constitutional Court, that while a DGA does impose restrictions on a firm’s freedom to decide that are similar to labour law provisions, this should nonetheless not be considered a breach of negative freedom of association, as it is not associated with any obligation to be a member of a particular organization (cf. e.g. Kempen 2006, p. 1105; Lakies 2006, p. 1339). A similar position is also taken by the International Labour Organization (ILO) which, in its Collective Agreements Recommendation, 1951 (No. 91) explicitly points to DGAs as a possible instrument for the promotion of collective bargaining. As long as a DGA concerns a collective agreement that was concluded by the most representative parties in each case, it does not in the ILO’s opinion constitute a violation of freedom of association (Gernigon et al. 2000, p. 62f.).

From the State’s point of view, DGAs are a way of supporting the collective bargaining system without interfering in the autonomous decision-making of the contracting parties. This is a “legislative act of a particular kind” (Lakies 2006, p. 1342), through which collectively bargained standards acquire the character of general social rights (as also already pointed out by Sinzheimer 1908/1977, p. 297 ff.). In this way, the State can increase its own powers of guidance without – as, for example, in the case of legal minimum wages (Schulten 2012a, 2012b) – having to take responsibility for the substantive content of the settlements. In many cases, the offloading function that collective agreements have for States can only become operative once the collective agreement provisions concerned have been declared generally applicable. This is particularly the case when social policy tasks are transferred to the bargaining parties, but it also, for example, applies to the setting of living minimum wages.

## Extra Cards

### Aghion et al. 08

#### AGHION 08 et al. [Philippe Aghion (Harvard Professor of Economics), Yann Algan (Professor of Economics at Paris School of Economics) and Pierre Cahuc (Professor of Economics CREST-ENSAE, Ecole Polytechnique). “Can Policy Ináuence Culture? Minimum Wage and the Quality of Labor Relations”, Centre Pour La Recherche Economique Et Ses Applications, January 2008, DDA]

#### CP leads to much higher social capital than the aff.

#### AGHION 08 et al. [Philippe Aghion (Harvard Professor of Economics), Yann Algan (Professor of Economics at Paris School of Economics) and Pierre Cahuc (Professor of Economics CREST-ENSAE, Ecole Polytechnique). “Can Policy Ináuence Culture? Minimum Wage and the Quality of Labor Relations”, Centre Pour La Recherche Economique Et Ses Applications, January 2008, DDA]

This framework conveys the idea that the consequences of unionization are not limited to wage increases. Spending time in associations and negotiations makes it possible to gather information about the true cooperative nature of the other participants in the labor market. This in turn helps workers to update their beliefs about the cooperative nature of labor relations. On the other hand, when nobody decides to join unions and to be involved in direct negotiations, then it becomes impossible to update beliefs about the value of cooperation and as a result the country may be trapped in persistent distrustful labor relations. This view of learning and cooperation-building is quite in line with Tocquevilleís description of associations8 as small social laboratories for experimenting cooperation and building up democracy.

The state regulation of minimum wages in our model has similar effects on social capital as those indentified by the above-mentioned political science literature on centralized rules regulating the civil society (Ostrom, 2005). First, high legal minimum wage directly reduces the incentives to become a union member: it is not worth paying the cost of union membership when the worker can rely on state regulation (Checchi and Lucifora, 2002). But this policy also erodes social capital in the future by preventing individual agents from experimenting collective action and social dialogue, which in turn makes it more difficult to learn over time about the scope for cooperation in the labor market.

#### CP increases social cooperation and labor relations—empirics.AGHION 08 et al. [Philippe Aghion (Harvard Professor of Economics), Yann Algan (Professor of Economics at Paris School of Economics) and Pierre Cahuc (Professor of Economics CREST-ENSAE, Ecole Polytechnique). “Can Policy Ináuence Culture? Minimum Wage and the Quality of Labor Relations”, Centre Pour La Recherche Economique Et Ses Applications, January 2008, DDA]

In countries with very high union density and with highly cooperative labor relations, the state typically does not regulate the minimum wage. In such countries, there is no need for a legal minimum wage because social partners negotiate wages in a cooperative way. In countries with strong state regulation of the minimum wage, social dialogue tends to be less developed, union density is low and so is the quality of labor relations. Our paper develops an explanation for these contrasting situations. We argue that strong state regulation of the minimum wage crowds out social experimentation and learning about cooperation. This crowding out may thus progressively undermines cooperation and lead economies towards steady-state equilibria characterized by bad labor relations and high minimum wage regulations. Thus state regulation of the minimum wage can have large long run costs that have been largely disregarded by the economic literature so far. The importance of the contrast between Scandinavian countries, which display good labor relations and good labor market performance on one hand, and the Mediterranean countries, with bad labor relations and bad labor market performance on the other hand, suggests that such costs might actually be large.

### Malmberg 09

**MALMBERG 01 [Jonas Malmberg, Researcher Uppsala Universitet’s at Department of Law, Civilrätt, terminskurs 2 och 3; Professorer, lärare, forskare, “The Collective Agreement as an Instrument for Regulation of Wages and Employment Conditions”, Publishd buy Stockholm Institute for Scandinavian Law, 2001, DDA]**

#### CP leads to high collective agreement coverage, empirics prove.

MALMBERG 01 **[Jonas Malmberg, Researcher Uppsala Universitet’s at Department of Law, Civilrätt, terminskurs 2 och 3; Professorer, lärare, forskare, “The Collective Agreement as an Instrument for Regulation of Wages and Employment Conditions”, Published buy Stockholm Institute for Scandinavian Law, 2001, DDA]**

The collective agreement is without doubt the most important source of norms for the regulation of wages and employment conditions in the Nordic countries.2 The coverage of collective agreements is very high – approximately 70% in Norway, 83% in Denmark, 94% in Sweden, and 95% in Finland.3 In the public sector, collective agreements cover almost all wage earners, white and blue-collar workers alike.4 In the private sector, coverage of collective agreements is generally lower, but varies significantly between different branches and categories of employees. Further, collective agreements usually contain virtually comprehensive regulation of the employment relationship, including aspects that, in other countries, are regulated by statute or even constitutionally. It should be stressed that the importance of the social partners is not limited to the formulation of wage and employment conditions. Just as important is their role in the supervision and application of the law. In practise it is often impossible for an individual employee to realise his/her contractual rights without support of a trade union.5

#### Collective agreement definition.

MALMBERG 01 **[Jonas Malmberg, Researcher Uppsala Universitet’s at Department of Law, Civilrätt, terminskurs 2 och 3; Professorer, lärare, forskare, “The Collective Agreement as an Instrument for Regulation of Wages and Employment Conditions”, Publishd buy Stockholm Institute for Scandinavian Law, 2001, DDA]**

The definitions of a collective agreement in the Finnish, Swedish and Norwegian acts are almost identical. According to these acts, a collective agreement is an agreement concluded by an employers’ organisation or an employer, on the one hand, and a trade union on the other. The agreement shall be in writing and concern “the conditions of employment and otherwise the relationship between employer and the employee”.14 The wording is chosen to indicate that a collective agreement can include both a contractual part and a normative part. The contractual part contains provisions that regulate the relation between the organisations or signatory parties, and the normative part contains provisions concerning rights and obligations of the employer and the employee vis-à-vis each other. In Denmark there is no statutory definition of a collective agreement. Nevertheless, the definitions used in the legal literature, which are based on case law, are similar to the one used in the other Nordic countries. One difference is that there is no requirement for a written document in Denmark.15

#### AT- non-compliance/people will leave unions

MALMBERG 01 **[Jonas Malmberg, Researcher Uppsala Universitet’s at Department of Law, Civilrätt, terminskurs 2 och 3; Professorer, lärare, forskare, “The Collective Agreement as an Instrument for Regulation of Wages and Employment Conditions”, Publishd buy Stockholm Institute for Scandinavian Law, 2001, DDA]**

Further, an employer or an employee member of an organisation withdrawing or having being expelled from an organisation bound by a collective agreement will, at least in Finland, Norway and Sweden, remain bound by the agreement as long as it is in force. The idea behind this rule is that members of organisations shall not, following the conclusion of a collective agreement, be able to evaluate the result of negotiations and on that basis avoid any legal effects of that agreement. In Sweden and Norway the same rule applies if an affiliated organisation leaves its parent organisation. In Denmark an employer leaving the parent organisation will still be bound by the collective agreement, while an individual employee will no longer be bound. However, if a group of employees leaves the trade union in order to join another union or form a new one, its members will continue to be bound by the agreement.17 Another question is which of the provisions of the collective agreement that give rise to rights for the individual employee. In Finland a distinction is made between individual benefits (individual norms), such as pay, sick-leave and working hours, and common benefits to workers (solidarity norms), such as canteens, safety and health measures. This distinction was adopted from Germany.18 Whereas individual norms can create counteracting obligations for employer and employee, solidarity norms only create obligations for the employer. It is usually only trade unions that make claims regarding breaches of a solidarity norm. This dividing-line is also established in the other Nordic countries, although it is conceptualised somewhat differently. Some provisions in a collective agreement will entitle individual employees, while the effects of other provisions are exclusively at organisational level. However, the question of what effect a certain provision might have depends on what was the intention of the parties to the collective agreement, and is not primarily a question of the subject matter addressed by the provision.19 4.2 The Mandatory Effect of Collective Agreements Collective agreements in the Nordic countries may be said to have mandatory effect; that is, employers and employees bound by a collective agreement may not reach individual agreements that conflict with that collective agreement. This is also referred to as the inderogability of collective agreements.20 In Finland, Norway and Sweden the mandatory effect follows directly from statute,21 but in Denmark a similar rule follows from case law. The mandatory effect of a collective agreement need not prevent individual agreements on matters such as higher pay than that specified in the agreement. A clause in a collective agreement can be framed so as to permit variations, in which case a divergent individual agreement would not conflict with it. The choice as to whether a clause in a collective agreement is mandatory or default by nature is made by the parties concerned at the time of the agreement. Thus, in doubtful cases, the question of whether or not a clause in an individual contract is in conflict with a collective agreement has to be solved in each particular case, in accordance with the general rules on interpretation of collective agreements. Nonetheless, there are in case law some standard interpretations22 as to what approach to take where it is unclear whether the clause is mandatory or of a default character. The main function of collective agreement is to protect employees against pressure from their employer. Thus, the provisions in collective agreements are seen as minimum standards in the sense that lower levels of protection are regarded as conflicting with the agreement. Paying a lower salary than that provided for in the collective agreement is, in dubio, not allowed, and this rule also applies to provisions other than pay. In a case before the Danish Permanent Arbitration Court (den faste Voldgiftsret) in 1922 the matter was whether an individual agreement on a mutual three-month period of notice conflicted with the one-week period stipulated in the collective agreement. The Court stated that the employer was allowed to commit himself to a longer period of notice. However, a longer period of notice for the employee, would diminish his rights according to the collective agreement. Thus, the provision should, with respect to the period of notice for the employee, be regarded as conflicting with the collective agreement.23

#### Enforcement clarified:

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Above I have described the automatic mandatory normative effect of the collective agreement. The situation to be discussed in what follows is where an employer breaches a collective agreement by not applying the conditions of employment laid down in that agreement. What remedies are available in such a situation? To answer this question it is necessary to consider both substantives rules and rules concerning locus standi. An employer’s breach of a collective agreement may, in the first instance, be remedied at collective level, i.e. by the trade union. In Denmark, Finland and Sweden the main remedy for breaches of collective agreements is punitive damages. The significance of punitive damages is that courts, in assessing quantum of damages, must pay attention to non-financial loss, such as the parties’ interest that the provisions of the agreement are applied. This kind of damage award is in Denmark called bod,26 in Finland plikt,27 and in Sweden allmänt skadestånd.28 In Finland punitive damages is only awarded for conscious or obvious breaches of the agreement and the maximum amount of punitive damages for employers is FIM 140,000 (about EUR 24,000). There is no upper limit prescribed in the Swedish and Danish statutes. Punitive damages have been described as a hybrid between damages and a penal sanction.29 In Norway a breach of a collective agreement is not remedied through punitive damages. Only compensation for financial loss will be awarded. It is primarily trade unions that are entitled to make claims for (punitive) damages for breaches of collective agreements. In all the four Scandinavian countries disputes concerning (punitive) damages for breach of a collective agreement are handled by the labour courts. This gives trade unions a strong position in the enforcement process, which in Norway is described as a monopoly in litigation (prosessmonopolet). To what extent is it possible for individual employees to enforce the provisions of a collective agreement? In Sweden, employees (members of a trade union) have a subsidiary right to engage in court action. If the trade union does not wish to proceed, a member may choose to initiate a summons, but in this case to the District Court (with the Labour Court as the court of appeal). Further, punitive damages may be awarded to individual employees (members of the trade union that has concluded the agreement) for breaches of provisions in the agreement intended to create rights for individual employees. In Finland individual employees may institute proceedings with the consent of their trade union, or if their union explicitly refuses to institute proceedings. Punitive damages may in principle be awarded directly to the employees. However, this possibility is not used in practice, since trade unions do not refuse to litigate were there is a conscious or obvious breach of the collective agreement.

#### He continues:

In Finland, Norway and Sweden it follows from statutory provisions that employment contracts conflicting with a collective agreement are void.33 The fact that a clause in an individual agreement conflicts with a collective agreement does not mean that the employment contract totally ceases to apply. The result is that the applicable conditions of the collective agreement have precedence over the divergent provisions of the individual agreement. That is, the latter are regarded as separable from the employment agreement as a whole.

It is not necessary to institute court proceedings to effect an outcome of this kind. As regards future contractual relationships, the parties involved are always free to invoke the terms of the collective agreement rather than those of the individual agreement. As regards claims based on work already carried out, the point of departure is that both parties are free to invoke the terms of the collective agreement. For example, an employee who, as a consequence of an individual agreement, has received a lower wage than that to which he is entitled under a collective agreement is entitled to the difference. Nonetheless, there are some restrictions as regards such claims. In Sweden the most important of these concerns the rules on time limits for negotiation and for instituting court proceedings for damages and/or performance of a collective agreement. These rules provide that trade unions must initiate negotiations with the employer and bring claims within a relatively short period of time.34

#### Employees who are not members of trade unions that set terms of collective agreements still are covered by the requirements of the collective agreements.

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Let us now turn to the case of employees, working for an employer who is bound by collective agreement with a trade union and performing work covered by the agreement, but where the employees are not members of that trade union. Such “outside employees” may be members of another trade union, or not members of any trade union at all. The basic assumption in the Nordic countries is that collective agreements only have normative mandatory effects in relations between employers who have signed an agreement or are members of an organisation (party to an agreement) and employees who are members of the trade union party to the same agreement. However, this does not mean that collective agreements lack any significance for outside employees. When discussing the effects of collective agreements on outside employees, it is essential to distinguish between employers’ duties in relation to the trade union on the one hand and the outside employee on the other. The issue of the employment conditions of outside employees is sensitive to trade unions. On the one hand, it is important for a trade union that an employer does not undercut the collective agreement by employing outside employees with lower pay. On the other hand, it is regarded as a problem if outside employees receive all the benefits of the collective agreement without making any financial contribution to the union. This is known as the “free-rider” problem. Thus, it may be in the interests of a trade union to reserve the benefits of its collective agreements for the their own members. Historically, the policy of the Nordic trade-union movement has been that the terms of collective agreement should apply to outside employees. This opinion has also been accepted in law. The Finnish Collective Agreements Act explicitly states that an employer – in relation to the trade union – has a duty not to conclude individual agreements with outside employees that conflict with any collective agreement (Article 4). In the other Nordic countries, the same rule is upheld in case law as an implied term in collective agreements. Thus, an employer who does not apply the collective agreement to outside employees will breach any agreement with the trade union itself. This rule does not apply if the collective agreement explicitly states that whole or parts of it shall only be applied to members of the signatory trade union. Such agreements exist to some extent, especially where two trade unions have concluded collective agreements that are partly overlapping.

### Schulten 12

### Traxler

#### TRAXLER [Franz Traxler, Professor of Industrial Sociology at the University of Vienna “OECD Employment Outlook”, July 1994, Chapter 5, Collective Bargaining: levels and Coverage, DDA]

**CP prevents undercutting, which undermines unionized employees abilities to bargain and secure rights for themselves.**

#### TRAXLER [Franz Traxler, Professor of Industrial Sociology at the University of Vienna “OECD Employment Outlook”, July 1994, Chapter 5, Collective Bargaining: levels and Coverage, DDA]

Similarly, the threat of undercutting by “outsiders” who arc not members of the bargaining parties, and therefore not bound by the agreement, may be avoided by means of institutionalised extension procedures. The issue of “extension” in principle addresses both non-unionised employees and non-affiliated employers. In practice, employers tend to apply voluntarily the terms of collective agreements to their non-unionised employees. By contrast, the bargaining parties themselves have little means of bringing non-affiliated employers into line with their agreement. Only employer associations are characterised by a reasonably clear distinction between members and non-members allowing governments to extend agreements to non-affiliated firms.

\*check grimshaw bosch citations

1. Regarding the term “institutional power” and its position in the theory of different trade union power resources, cf. Brinkmann et al. 2008, Brinkmann/Nachtwey 2010. [↑](#footnote-ref-1)
2. Damian Grimshaw is Professor of Employment studies at Manchester Business School and Director of EWERC (European Work and Employment Research Centre). His research on pay and employment in the UK and comparisons with other European countries and the United States has been funded by several international bodies (eg. OECD, ILO, European Commission, Russell Sage Foundation). Recent publications inclue: an edited book with Routledge *Minimum Wages, Pay Equity and Comparative Industrial Relations* (2013, Routledge); an article in *Cambridge Journal of Economics* 'The end of the UK's liberal collectivist social model? The implications of the coalition government's policies during the austerity crisis' (with Jill Rubery, 2012); and a book chapter 'Women's changing job structure in Europe: Patterns of job concentration, low pay and welfare state employment' (with Hugo Figueiredo, 2012), in E. Macias-Fernaqndez and J. Hurley (eds.) *Transformations of the Employment Structure in the EU and US*, Routledge. [↑](#footnote-ref-2)
3. Gerhard Bosch is Professor of Sociology at the University of Duisburg-Essen and Director of IAQ with a umber of publications about wages and employment trends. His research interests involve pay and employment trends in Germany and comparisons with other OECD countries. Specialist themes include low-wage work, minimum wages, working time and training issues. [↑](#footnote-ref-3)
4. Damian Grimshaw is Professor of Employment studies at Manchester Business School and Director of EWERC (European Work and Employment Research Centre). His research on pay and employment in the UK and comparisons with other European countries and the United States has been funded by several international bodies (eg. OECD, ILO, European Commission, Russell Sage Foundation). Recent publications inclue: an edited book with Routledge *Minimum Wages, Pay Equity and Comparative Industrial Relations* (2013, Routledge); an article in *Cambridge Journal of Economics* 'The end of the UK's liberal collectivist social model? The implications of the coalition government's policies during the austerity crisis' (with Jill Rubery, 2012); and a book chapter 'Women's changing job structure in Europe: Patterns of job concentration, low pay and welfare state employment' (with Hugo Figueiredo, 2012), in E. Macias-Fernaqndez and J. Hurley (eds.) *Transformations of the Employment Structure in the EU and US*, Routledge. [↑](#footnote-ref-4)
5. Gerhard Bosch is Professor of Sociology at the University of Duisburg-Essen and Director of IAQ with a umber of publications about wages and employment trends. His research interests involve pay and employment trends in Germany and comparisons with other OECD countries. Specialist themes include low-wage work, minimum wages, working time and training issues. [↑](#footnote-ref-5)