

Name of Author 1: Pascal Petit

Professional Affiliation/Employer of Author 1:

CNRS Director of Research emeritus,
CEPN Centre d'économie de Paris Nord

e-mail of Author 1: pascal.petit(at)univ-paris13.fr

Title of Paper: "Inside of the Institution of Minimum Wages in Europe: Between the Devils of Neoliberal Globalization and Work Automation"

JEL Codes (3) P1, J3, J5

Short Abstract (50 words)

Minimum wages institutions emerged as integral elements of the variants of postwar capitalism found in Western Europe and have different institutional forms, applying at industrial sector or national levels. This inquiry considers how these differing wage regimes have generated outcomes affecting productivity gains and also income distribution.

Long Abstract (250 words)

Minimum wages institutions have emerged as important components of the variants of postwar capitalism that developed in Western Europe after the second world war. These regimes of minimum wages in question have taken different institutional forms. For example, some wage regimes were applied to designated sectors, others nationwide. These differing wage regimes have played differing roles with respect to productivity gains and income distribution. The liberalization of the economies that started with the 1980s onwards was universally accompanied by a weakening of the role of minimum wage regimes that had been institutionalized for over three decades. The 2008 financial crisis and the ensuing economic crises are still wielding effects on most of the European economies under consideration, and this requires a fresh look inside. One reason for such a reappraisal is related to the general recognition that the decline of minimum wage institutions was also accompanied by a secular increase in income inequality. Will the need to counter a trend in income inequality, which places at risk the social sustainability of many countries (as shown by the rise of political extremist movements) translate into a general revival of these minimum wage

institutions? If such revivals take place, would these revivals lead to some convergence of wage regimes? Currently, the reemergence of some minimum wage regimes poses itself as a serious option on the agenda of the Jean Claude Juncker team at the head of the European Commission. This inquiry will consider this important force affecting the future of minimum wage regimes in Europe.