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Wage-Worker, a Universal Civil Status, not Employment Dependency

Jörn Janssen *

Abstract. In the course of the 20th century the remuneration of labour has been fundamentally transformed, whilst remaining still formally based on the payment of wages or salaries for working time in employment. It is commonplace to talk about direct (net) and indirect (gross) wages. Social benefits may or may not be related to wages. Nowadays added-up income and benefits plus social services by far exceed direct gross as well as, even more, net wages and salaries. Given all these provisions, an unconditional basic income for every citizen has become a popular issue. Switzerland has put it to a referendum on 5th June 2016. However, as a basic income for everybody does not diminish or compensate for inequalities, ‘Think Network’, a Swiss trade union think tank, has adopted a different strategy based on a ‘General Income Insurance’ (Allgemeine Erwerbsversicherung). A different approach again is that of the French ‘Institut Européen du Salarat’, which advocates salaries paid out of a national wage fund to every adult person according to his/her vocational qualification, whether employed to work or in education. This paper will evaluate various approaches concerning wage relations at EU level.

Keywords: *Wage-Worker, a Universal Civil Status, not Employment Dependency*

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1. The Demise of the Employer-employee Relationship

It has become commonplace to invoke the “‘standard’ contract of employment”¹ as an ideal employment relationship in contrast to “Precarious Work and Vulnerable Workers”. First, this ‘standard’ is hardly defined and, if it is, is an ephemeral and most variable form in the development of wage relations under employer-employee relations that have largely ceased to exist. The employers as owners of stable companies have typically become anonymous as holders of shares or financial assets. Hence, the personal employer-employee relationship as the subordination of labour under capital has also lost its real basis. In an increasing number of sectors the dynamic of production has come to depend on indirect employment relations, whether through subcontracting, umbrella companies, agency labour, crowd or self-employment, to mention only the most current forms of labour contracting.

This transformation of the employment relationship was accompanied by a fundamental shift in the form and nature of the wage. For the great majority of wage-workers the direct or ‘net’ wage for working time has become the minor part of the living resources in the wage package, which consist of a variety of indirect components such as social security covering unemployment, holidays, sickness, old age etc. plus a wide range of social services and benefits covered by taxes.² In other words, the employment relationship, if we may keep using this term, is embedded in a universal statutory regime supposed to provide a living to everybody irrespective of his/her status of employment. However, the particular conditions of this entitlement to a living are still mediated through an outdated form of individual employment with an employer.

Concerning ‘precarious’ and ‘vulnerable’ conditions, both sides of the employment relationship are equally at risk. We remember that eight years ago the great states had to step in order to prevent the collapse of the global financial system. Social security and financial security are two sides of the same coin.

This present crisis in the relationship between labour and ownership in the distribution of the social product has triggered a number of responses or reactions at various levels, aiming to adapt labour relations to these new conditions. Four particular cases, isolated from each other, will be addressed in this short presentation.

¹ Introduction to this conference.

² Jörn Janssen: *The Form of Wages or the Composition of the Wage Package*, London 1997, unpublished manuscript.

Responses

- a) On 5 June 2016 the Swiss population was asked in a referendum whether every adult should be entitled to an ‘unconditional basic income (UBI)’. The voters decided against by a majority of 76.9%. It was, however, symptomatic that this concept, which has been discussed virtually everywhere during the last generation, was for the first time launched in an advanced economy as a matter of a democratic decision. Among other reasons, an unconditional basic income was advocated as a means to liberate citizens from having to work under the control of an employer.³
- b) Interestingly, in the same country a think tank linked to UNIA, the largest Swiss trade union, Denknetz⁴ – or Think Network – discards the ‘unconditional basic income’ and advocates instead a different approach to achieve “Work without Servitude” – “Arbeit ohne Knechtschaft”⁵. Instead of a universal basic income for everybody, that would not eliminate social inequalities or even enforce them, Think Network advocates a universal income insurance – ‘Allgemeine Erwerbsversicherung’, AEV – which unites all the various social security and benefit components into a comprehensive regime covering the risks of loss of income through motherhood, civil and military service, sickness, accident, unemployment, or invalidity.⁶ It is conceived as an insurance for every person capable of gainful employment⁷ and would therefore liberate everybody from accepting forced employment or related sanctions.
- c) Another concept to liberate labour from subordination under the arbitrary use of power of an employer is promoted by Bernard Friot⁸ and the ‘Institut Européen du Salariat’⁹ – ‘European Institute of Wage Labour’ – The fundamental component of the concept is the form of remuneration of labour. Production and services units pay for the use

³ Philippe van Parijs, *The Worldwide March to Basic Income: Thank you Switzerland!*. In Social Europe on 7 June 2016.

⁴ www.denknetz.ch

⁵ Ruth Gurny, Ueli Tecklenburg (Hrsg.): *Arbeit ohne Knechtschaft, Bestandesaufnahme und Forderungen rund ums Thema Arbeit*. Ein Denknetz-Buch aus der edition 8, Zürich 2013.

⁶ Ruth Gurny, Beat Ringger, Ueli Tecklenburg (Hrsg.): *Würde, bedingungslos. Wie die Debatte um ein bedingungsloses Grundeinkommen fruchtbar gemacht werden kann*. Ein Denknetz-Buch aus der edition 8, Zürich 2015, p. 124.

⁷ *Ibid.* p. 125.

⁸ Bernard Friot: *Puissances du salariat*. Nouvelle edition augmentée, La Dispute, Paris 2012.

⁹ www.ies-salariat.org

of labour into a social fund. In turn, workers are paid according to their qualification, irrespective of their place of occupation, whether in production and services or in education. Every adult is active either in one of these two sectors or in retirement. The maximum span of pay differentials is 1 to 6. Two other funds are established to pay for investment and administration. This concept represents a strategic vision rather than a practical programme extending the dynamics of development of labour relations into the 21st century.

- d) Finally, we are all witnesses of a development in the last about twenty years which is part of a qualitative shift in wage and, consequently, employment relations. Step by step statutory minimum wages have been enacted in hitherto 22 of 28 EU Member States. The discussion in the European Commission is now about coordinating minimum wages transnationally as a percentage of the average wage rates.¹⁰ Whereas initially minimum wages were regarded as a means to prevent dumping rates below a poverty line, they are now increasingly recognised as pillars in support of the whole wage structures and instruments in international coordination, whilst the coverage rates of collective agreements are on a persistent decline. This evolution indicates above all a shift from employer-employee bargaining and dominant coverage for all workers by agreed rates towards statutory regulation of wages.

Wage-Workers' Status, their Share in the Global Social Product

The term 'labour market', like corresponding expressions in other languages, is still widely used. Accordingly, workers would be supposed to sell their labour power at a market price which is the wage. Conversely, in my introduction I have sketched out how in reality, since the late nineteenth century, the wage has been transformed and become a civil right rather than the result of market forces. Consequently, nowadays the media report the figures of the share of wages in the gross national product - I would propose looking at the wider horizon of the global social product. This is the environment in which our four cases have to be allocated and assessed.

¹⁰ Thorsten Schulten, Torsten Müller and Line Eldring: *Prospects and obstacles of a European minimum wage policy*. In Guy van Gyes and Thorsten Schulten: 'Wage Bargaining under the new European Economic Government'. European Trade Union Institute, Brussels, 2015, pp. 327-359.

In this environment the ‘unconditional basic income’ may be regarded as a poor relief updated to the 21st century. In this sense it is far from attributing a share of the social product to the individual worker in proportion to his/her contribution to the process of producing and servicing. But it takes into account that work is provided within as well as outside employment contract conditions.

Think Network takes a rather pragmatic approach which transcends, nevertheless, the framework of traditional social security schemes. Their “income insurance” includes, notably, wage earning during periods outside employment such as three years sabbatical, periods of further education and, of course, during motherhood, sickness, disability, unemployment, and retirement.¹¹ All these provisions implicitly include the basic income while avoiding the discrimination of those ‘out of work’. According to the calculations of Think Network, because of savings through the simplification in a coordinated insurance, the expenses of this project would not exceed those of the present day social security.

The ‘socialisation of wages’ according to Bernard Friot has its roots in the present regime of ‘cotisations sociales’, contributions to the social funds by the employers of labour. The innovation consists of the inclusion of the direct wage in this package and the identity of the wage earner - ‘salarié’ - independent from employment. Instead of the employer-employee relationship, wage-earning would turn into a civil status.

The statutory minimum wage development is included in this range of varieties in search of new models for organising the distribution of the social product because it also has certain features that represent a break with the ‘standard’ employment relationship. First, its pay levels are set by state government bypassing the labour market in the determination of wage rates. Secondly, minimum wages tend to become a uniform institution open to international or even global coordination corresponding to the global network of production and services. Thirdly, the present debate about determining minimum wages in relation to average rates aims at creating a relationship with existing wage scales, as in France and in Germany. Fourthly, the minimum wage system intends to cover the whole spectrum including ‘precarious work’ and ‘vulnerable workers’ under democratic government.

These four cases have in common that the wage as a share in the global social product is not to be determined as a component part of an

¹¹ Ruth Gurny et al. op. cit., pp. 126-9.

employment relationship. It is defined as a right related to the civil status of the wage-worker.

Already Here and Now, or ‘News from Nowhere’¹²

It all depends on how the evidence of present developments is perceived and interpreted. The ‘standard’ employment relationship, the sale of labour on the ‘labour market’ at a price negotiated individually or collectively with the owners of productive assets is about to be a past regime, maintained in Europe mainly through statutory extension.¹³ The owners, especially the big ones, have predominantly withdrawn into the sphere of financial capital and claim their share through dividends and interests. Conversely, the direct wage provides an ever smaller part of wage-workers’ living. It is revealing to read the “Policy recommendations” in the ‘ETUI Policy Brief’ on “The meaning of the extension for the stability of collective bargaining in Europe”. ... “European countries need to reconstruct their bargaining systems ... Such reconstruction would not be organised by trade unions and employers’ associations alone but would also need the support of the state.”¹⁴ How far away are we from - or close to - a process of wage determination coordinated with social security and benefits under democratic state authority? Is this a vision from ‘Nowhere’ – in William Morris’ novel the land of a socialist utopia – or just a step forward from ‘here and now’?

Compared with the past, where are we ‘here and now’ looking back to ‘standard’ employment? Was it a regime without ‘precarious work and vulnerable workers’? Is there a good reason for workers to return to direct confrontation with the owners of the means of production? Isn’t it symptomatic that the peak of autonomous collective bargaining coverage almost coincided with top levels of industrial unrest and that both declined with trade union density?

This is not an argument claiming a kind of organic progress in labour relations. But it is an attempt to avoid looking at the present state of society in terms of the past, or seeking remedies against present sufferings in former conditions. The four cases of the debate presented in this paper

¹² Novel written 1890 by William Morris.

¹³ About the present state of coverage by collective wage agreements in the European Union see Thorsten Schulten, *The meaning of extension for the stability of collective bargaining in Europe*, ETUI Policy Brief, No. 2/2016.

¹⁴ ETUI Policy Brief, European Economic, Employment and Social Policy, No. 4/2016.

point to a future of work under democratic state regulation, we may call it also liberated from subordination under ‘precarious’ private ownership and ‘vulnerable’ owners.

ADAPT International Network



ADAPT is a non-profit organisation founded in 2000 by Prof. Marco Biagi with the aim of promoting studies and research in the field of labour law and industrial relations from an international and comparative perspective. Our purpose is to encourage and implement a new approach to academic research, by establishing ongoing relationships with other universities and advanced studies institutes, and promoting academic and scientific exchange programmes with enterprises, institutions, foundations and associations. In collaboration with the Centre for International and Comparative Studies on Law, Economics, Environment and Work, (DEAL) the Marco Biagi Department of Economics, University of Modena and Reggio Emilia, ADAPT set up the International School of Higher Education in Labour and Industrial Relations, a centre of excellence which is accredited at an international level for research, study and postgraduate programmes in the area of industrial and labour relations. Further information at www.adapt.it.

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