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# Competitive Restructuring and Industrial Relations within the European Union: Corporatist Involvement and Beyond?

Hans-Jürgen Bieling and Thorsten Schulten

## **WSI Discussion Paper No. 99**

Düsseldorf, November 2001

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# **Competitive Restructuring and Industrial Relations within the European Union: Corporatist Involvement and Beyond?**

Hans-Jürgen Bieling and Thorsten Schulten\*

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#### **1. Introduction**

For a long time it seemed very difficult, if not impossible, to identify the precise course of change of national industrial relations systems. After the demise of an extraordinary organised Fordist capitalism in the "golden age" period, the new "disorganised capitalism" was obviously based on an untidy mixture of divergent or even contradictory tendencies (Lash & Urry 1987). Despite all analytical efforts it remained difficult to provide a clear-cut picture of the changing arrangements of decentralised and centralised regulation. Of course, the process and experience of disorganisation had already started in the late seventies. Then, in the course of the eighties it accelerated in the wake of neo-liberal restructuring, following the electoral success of right-wing governments, financial deregulation, political pressures for the dismantling of the welfare state and a flexibilisation of working conditions, all together with a market-driven re-launching of European integration. It would be no problem to extend the list of disorganising influences. However, even if all these processes cannot be denied, the thesis of a transition from "organised" to "disorganised" capitalism can only account for half of the story. At least two developments complement the perspective of a deregulated market economy and show that even "disorganised" capitalism is in fact "reorganised".

First, on a more general level, it seems to be evident that markets can not operate without any kind of administrative and political regulation. Regulation is principally required to guarantee private property and customer rights, economic competition, price stability and smooth commodity exchange. Moreover, to establish or to change a complex framework of political, juridical and administrative market regulation always implies extensive state intervention, even if market deregulation should be the result. It is no surprise, therefore, that those countries which had been in the vanguard of deregulation policies produced a long and encompassing list of new legal requirements. Hence, what changed was above all the content of regulation – e.g. the replacement of a redistributive, in a way solidaristic or welfare-oriented mode of state intervention by depolitisised procedures of managerial economic governance (Burnham 1999), – and not the necessity for regulation as such.

And second, with respect to the historical process, in the nineties it turned out that intensified market competition did not automatically support the dissolution of corporatist structures of interest mediation. On the contrary, many scientists observed a re-emergence of centralised corporatist bargaining (Schmitter & Grote 1999) despite, or even because, most trade unions in western Europe had been seriously weakened in terms of membership and strike capacity. Without doubt, the new forms of corporatist interest mediation are strongly different from those of the sixties and seventies. As junior partners, the trade unions seem to have no other

chance than to agree to a "new peace formula" (Streeck 1998), essentially based on a joint commitment that the firm, the region or the national economy has to improve its competitiveness under changed market conditions. Irrespective of how the emergence of the new "competitive corporatism" (Rhodes 1998) might be assessed in detail, it shows that the new mode of capitalist reproduction is not only again a (re-)organised one, but also one which seems to rely once more on the support of employees and trade unions.

As intensified economic competition and new forms of corporatist involvement seem to go hand in hand, or even reinforce each other, this raises a lot of questions: What have been the incentives for renewed corporatist involvement? How do the different forms and levels – firm, region, nation state and EU – of social concertation interact? How should the re-emergence and transformation of corporatism be understood? Why do most trade unions willingly agree to become involved in the new social pacts despite their obviously detrimental effects in terms of wages, working conditions and social security?

The argument provided here, of course, cannot deal with all questions extensively. It is primarily based on the assumption that current corporatist arrangements are an outcome, as well as a constitutive element, of the overall change of European capitalism. As already indicated, in the late eighties and early nineties the socio-economic environment in many member states was characterised by intensified competitive pressures, economic restructuring, high unemployment, a severe fiscal crisis, increasingly overburdened social security systems, and generally weakened trade unions. At the same time, many governments, concerned with the reorganisation of the welfare state and labour markets, set political incentives to incorporate trade unions.

The re-emergence of corporatist arrangements is in many ways linked to the process of European integration, where incentives are based on a particular mode of competitive restructuring. In the following, therefore, we first outline the main political projects of European integration and their impact for the reorganisation of European power structures as well as for the transformation of industrial relations. Afterwards we discuss the character and the reproduction of the new multi-level structure of corporatist involvement, which seems to be an essential requirement for the operation of the new European economy. The established fit between competitive restructuring and pyramid-shaped corporatist arrangements is, however, far from complete. Hence, we turn finally to the economic and political tensions and contradictions inherent in the complex arrangements of corporatist concertation. From our point of view, they come increasingly to the fore inasmuch as national collective bargaining is concerned.

#### 2. The new political economy of competitive restructuring

A central dynamic force of competitive restructuring within western Europe was of course the process of European integration itself. After many initiatives of sovereignty transfer, supranational state-building and the creation of an "organised European space" (Ross 1995: 107-135), the area of common regulation and control has, in the meantime, expanded to a wide range of political issues, among others social policy and industrial relations. Nevertheless, nobody denies that economic issues, above all monetary and market issues, have been and still are at the heart of the EU. The imbalance of economic and social integration gives the already present pressures of competitive restructuring – whether due to technological innovations, changes in the production chain or more productive forms of work organisation – an additional stimulus. Moreover, the renewal of European integration can be seen as an explicit attempt to revitalise capitalist accumulation in western Europe by giving market forces a greater say within a rearranged, conditioning framework of neo-liberal regulation.

Common to all this process is a kind of "new constitutionalism", i.e. the contractual institutionalisation and insulation of neo-liberal governance principles from democratic control (Gill 1998). The most decisive milestones in this context are the European projects of the European Monetary System (EMS), the Single European Market (SEM), EMU, and more recently, the vision of a new finance-led information economy.

|  | EMS  | SEM  | EMU   | New European<br>Economy  |
|--|--|--|---|--|
| structural<br>change<br>and public<br>perception<br>of prob-<br>lems | collapse of the Bretton<br>Woods system; world<br>economic crisis; un-<br>certainties of ex-<br>change-rate fluctua-<br>tion | Sluggish economic<br>growth, rising unem-<br>ployment; relative<br>weakness of European<br>economies vis à vis<br>North America (US) and<br>Southeast Asia (Japan)   | foreseeable instability<br>of the EMS, dictate of<br>financial markets and<br>the German Bundes-<br>bank; political control<br>of Germany after<br>unification  | deferred 'take off' into<br>a finance-led informa-<br>tion economy; techno-<br>logical innovation gap<br>in comparison to the<br>US  |
| concrete<br>initiatives<br>and policy<br>measures                    | an arrangement of<br>fixed, but adjustable<br>currency exchange<br>rates (ERM); a com-<br>mon currency basked<br>(ECU)       | abolishment of non-<br>tariff trade barriers by a<br>qualified majority deci-<br>sion making procedure;<br>some basic minimum<br>regulation; mutual rec-<br>ognition of national<br>regulatory standards                 | three-step implemen-<br>tation process; consti-<br>tutionalised autonomy<br>of the European Cen-<br>tral Bank (ECB); con-<br>vergence criteria and<br>stability pact  | action plans on finan-<br>cial services, risk capi-<br>tal and eEurope; Lis-<br>bon strategy; a new<br>mode of regulation in<br>the area of security<br>markets by two new<br>expert committees as<br>suggested by the Lam-<br>falussy group                                 |
| political<br>interest<br>and/or<br>rationality                       | stabilisation of ex-<br>change rates and price<br>levels, improved in-<br>ternational trade con-<br>ditions                  | Intensified economic<br>but also regulatory<br>competition; pressures<br>for deregulation;<br>economies of scale;<br>productivity increases,<br>economic growth as an<br>effect of trickle down<br>additional employment | completion of the<br>SEM; lower transac-<br>tion costs for TNCs;<br>common control of<br>tight monetary policy;<br>legitimation of sound<br>budget policies; a<br>better stance in global<br>currency competition | accelerated change due<br>to more dynamic finan-<br>cial markets; intensi-<br>fied international com-<br>petition mediated by<br>big banks and institu-<br>tional investors;<br>stimulus for a capital<br>market based reform of<br>pay-as-you-go social<br>security systems |
| political<br>and public<br>discourse                                 | elite discourse of con-<br>solidated monetary<br>and economic ex-<br>change relations  | a broader discourse of<br>economic and social<br>gains of intensified<br>market competition  | discourse of economic<br>adjustment, of more<br>flexible wage bar-<br>gaining, and of social<br>welfare reform  | financial market inte-<br>gration as a "win-win"-<br>strategy (economic<br>gains of corporate<br>restructuring) and an<br>incentive for techno-<br>logical innovation  |

Table 1: European projects of political and legal reorganisation and socio-economic restructuring

Source: Own composition

#### 2.1. Re-launching European integration: from the EMS to SEM

From the above it becomes clear that changes in the mode of reproduction of the west European political economy always resulted from political developments. With the benefit of hindsight, it was important how aspects of a deep socio-economic crisis became ideologically interpreted and politically handled. The first dimension of this crisis was the instability of liberalised international financial markets, which after the break-down of the Bretton Woods system also increasingly affected internal economic affairs of the European Community Tsoukalis 1997). The high volatility of the Dollar-Deutschmark exchange rate made stable and economically calculable currency parities within western Europe virtually impossible. Hence, after the defeat of the Werner Plan and the currency snake, Germany and France – Helmut Schmidt and Valerie Giscard d'Estaing – agreed to establish a new system of fixed, but adjustable exchange rates, the EMS. It started to work from the beginning of 1979, and operated fairly well for over a decade, despite increasingly liberalised capital and financial markets (Helleiner 1994). Although the fiscal imbalances induced by German unification plunged the system into serious trouble, its short history is seen by most observers as a success story. In fact, however, this success was not unconditional. Apart from all disputes, due to the dominant and determining role of the Deutschmark and the Bundesbank, it was based on the willingness of the participating governments to accept an asymmetrically distributed burden of adjustment and to pursue stability oriented policies. In other words, the EMS provided a leverage to generalise the German stability culture and a monetarist approach of economic, financial and monetary management (NcNamara 1998: 125-158).

Politically, trade unions stood rather apart from all these discussions and developments. They were concerned above all with a second dimension of the crisis. For as general socioeconomic conditions – i.e. economic recession, weak international competitiveness, a crisis of public budgets and social security systems – got worse, their membership base and bargaining power was affected negatively. This was even acerbated by the fact that conservative parties took office in many EC member states and neo-liberal and monetarist ideas became generalised via the EMS. Eventually, however, this proved to be a precondition for the Single Market project. For without the convergence of economic policy approaches an encompassing constitutional re-arrangement as agreed on in the Single European Act (SEA) – i.e. the abolishment of non-tariff trade barriers, qualitative majority decisions with respect to the single market, and extended application of the principle of mutual recognition - would have been impossible. Thus, after the changes of governments in Great Britain and Germany, it was above all the French U-turn in early 1983, which enlarged the area of shared European interests and objectives (Moravcsik 1998). The most important one was, of course, the widely acknowledged aim to overcome the so-called problems of "Euro-sclerosis" and to avoid falling further behind the high productive economies of Japan and the US (Sandholtz & Zysman 1989).

It is, however, not necessary the case that a common perception of socio-economic crisis and agreement about the main problems and objectives of European integration becomes translated into a coherent political programme. Additional efforts were necessary before the vision of an integrated market, freed from technical, administrative and political barriers, really en-

tered and determined the European scene: on the one hand, there were incessant activities on the part of transnational capital, above all of the European Round Table of Industrialists (ERT). Its members, i.e. the Chief Executive Officers (CEOs) of the largest European TNCs, were actively engaged in convincing political leaders and decision makers – whether by conceptual ideas and discursive policy framing or by the thread of shifting production and investment elsewhere – that a truly integrated European market was of utmost urgency (Cowles 1995; Apeldoorn 1999; Fielder 2000). Even after the SEA was decided the ERT remained very active in single market affairs and established an Internal Market Support Committee (IMSC) in order to supervise and control the realisation of the planned programme.

On the other hand, there were, apart from the ERT, but often in close co-operation with it, the entrepreneurial skills of the Delors Commission (Ross 1995; Ziltener 2000a). The then new Commission was very successful in synthesising a broad range of – neo-liberal, mercantilist and social democratic – aspirations connected with the Single Market project. In doing this it succeeded in widening the public consensus and support for further initiatives of European integration. In this process the trade unions were fairly important. First, in regard to the dangers of social dumping, they were rather sceptical or even hostile to the SEM. Such positions, however, changed after the engagement of Delors and some foreseeable progress in the social realm. Because of this, most trade unions were prompted to take a stance of "critical support" (Foden 1996). This applied not only to the SEM, but also to the following EMU project.

#### 2.2. EMU and financial integration: towards a new European economy

Despite, or rather because of all voluntary restraint of public criticism of EMU on the part of trade unions, important discussions on the very fundamental concept and design of EMU took place largely without trade union participation. More or less disregarding the concerns of the trade unions, it was the more powerful political and economic actors – national governments, Central Bankers, TNCs, and financial intermediaries –, which set and defined the European agenda, e.g. by the formation of transnational organisations such as the Association for Monetary Europe (AMUE) or the Committee for Monetary Union of Europe, by the appointment of Delors Committee of Central Bankers or by the mobilisation of scientific advice and support (Sandholtz 1993).

In this context, however, the interests and motives for engaging in EMU have been far from uniform. Whereas some emphasised the political control of unified Germany via EMU, others stressed the functional necessity to transcend the fragile EMS-co-ordination, which seemed increasingly susceptible to speculative attacks. And a third group again put the accent on the chance of a more balanced economic governance vis à vis the economic and monetary authorities of Germany on the one hand and the USA on the other hand. Of course, there was also some disagreement – particularly in the course of intergouvernemental bargaining –, how the different aspects should be stressed and realised in the final design and constitution of EMU. Apart from the British government (Thatcher 1993: 707-767), however, there was widespread consensus that EMU would further improve the advantages of the Single Market by providing lower transaction costs, greater market transparency, better conditions for business calculation, an improved European stance in global currency competition, and disciplinary incentives in terms of monetary and financial policies (McNamara 1998: 159-178).

The impact of EMU on the process of competitive restructuring and the transformation of industrial relations is principally twofold: it is due to both more transparent and better comparable market conditions, as well as some far-reaching changes in the macro-economic framework. Concerning the latter, the old EMS was still stimulating tendencies of "competitive austerity". This has changed, at least partly, with the transition to EMU. Externally, i.e. in terms of triad competition, such tendencies will prevail, but internally, within the Euro area, competitive austerity will be a thing of the past. As the convergence criteria of the Maastricht treaty and then, later on the stability pact have shown, it has become, step by step, supplanted by a politically defined mode of 'administrative austerity'. How strict this will be handled depends eventually on the policy stance of the ECB, but also on some other constitutional and procedural elements of EMU, e.g. the definition of the new 'policy-mix', the broad economic guidelines, the macroeconomic co-ordination via ECOFIN or the EURO 12 Group, the European macro-economic dialogue or even some national guidelines within the European employment strategy. In this context, more recent developments of an increasingly relaxed interest rate fixing suggest that, apart from all legal prescriptions, the room for manoeuvre in governing EMU might be broader than suspected (European Commission 2000a).

Nonetheless, the disciplinary impact of EMU still works. This is partly due to the fact that in the nineties trade unions had already internalised the threefold pressures of no inflation, budget consolidation and improved capital profitability. As the statistics reveal, wage increases remained clearly below productivity gains (Schulten & Stückler 2000), which is a hint that trade unions consented to wage moderation and 'competitive investment bargaining' (Mueller 1996). The latter indicates that disciplinary effects are not only exerted by the new macro-economic framework, but also by new micro-economic strategies of competitive restructuring connected to it. During the second half of the eighties the Single Market project

had already stimulated a wave of mergers and acquisitions in the area of industrial production. This implies that pressures for industrial adjustment came not only from intensified intraindustrial trade, but also from the permanent threat to shift production sites. On the way to EMU the volume and impact of cross-border capital mobility became even stronger. In the nineties global foreign direct investment grew about 20% to 30% annually, and nearly twothirds of world-wide capital outflows, i.e. 510 of 800 Billions US Dollar, can be ascribed to TNCs based in the EU (UNCTAD 2000). The increases here were partly stimulated by a second wave of mergers and acquisitions, which included more and more also financial actors, i.e. large banks, insurance companies and institutional investors (Huffschmid 1999).

Until now, however, there has been at best a liberalised, not an integrated, capital market within western Europe. Although the abolishment of capital controls was one of the very first decisions of the Single Market programme, serious regulatory hindrances did survive. It proved fairly difficult to establish a common regulatory framework for cross-border financial services, operating on the basis of the mutual recognition of country of origin requirements (Story & Walter 1997). This applied less to the banking sector, where the second banking directive had already been passed in 1989, but more to insurance services and even more to European security markets (Coleman & Underhill 1998). Here, the most important regulations, the Investment Services Directive (ISD) and the Capital Adequacy Directive (CAD), which did not come into force before 1996, are now under revision again in the context of the Financial Services Action Plan (FSAP) (European Commission 1998a). The FSAP is the core element of the more recent European project to create a shareholder value oriented 'new', i.e. "informational economy" after the emergence of some new European and national equity markets (Weber & Posner 2001) and much conceptual preparation in the Competitiveness Advisory Group (CAG) (CAG 2001). It was advanced in 1998 at the Cardiff (employment) summit together with the Risk Capital Action Plan (RCAP) (European Commission 1998b, 1999b), and also strongly supported by organisations of global and European financial and industrial capital (ERT 1998).

Since then both action plans have been prominently placed on the European agenda. More recently they got some additional drive from the initiative on "eEurope" (European Commission 2000c). All three plans are pivotal for the Lisbon strategy to create a competitive, shareholder value oriented and knowledge-based 'new economy'. What this implies has been made very clear by Fritz Bolkenstein, the Commissioner responsible for the Single Market. From his point of view: "Europe is adapting to the new world. We realize we have to create a more business-friendly environment to stimulate entrepreneurship, risk taking and innovation. Our

fifteen Heads of Government met at a European Summit in Lisbon about a month ago. They set a clear strategic goal for the European Union for the next decade: to become "the most competitive and dynamic knowledge-based economy in the world ...". This is a bold objective. But achievable. In political terms the Lisbon Summit represents a sea-change in European thinking. We have dates and timetables when market-opening measures have to be carried out. With benchmarking to accelerate inter-Member State competition (Bolkenstein 2000). Besides all these proclamations, more recently their seriousness was even more underlined by recommendations of the so-called "Lamfalussy Group" to accelerate financial integration (Committee of Wise Men 2001). The suggestions, which will probably become implemented in the course of this year, refer to a new mode of regulatory governance, which is to be based above all on two innovations: first, to work more with regulations instead of directives, which still must be implemented on the national level; and second, to establish two new committees – a European Securities Committee and a European Securities Regulators Committee – in order to accelerate the decision making process in security market affairs at the cost of already weak democratic control.

All the different measures – the establishment of new committees, the listed action plans, and their embedding in the Lisbon strategy – do not only deal with financial market regulation, but also with investor relations and the mode of corporate governance. At least in this regard they will seriously affect industrial relations regulation. It might be that the innovation and revitalisation of the European economy are of topmost priority. At least as a side-effect, however, the Anglo-Saxon business culture - in terms of shareholder and rentier interests - will get a stronger hold within European corporate governance systems. In principle, such tendencies has already unfolded on the way to EMU (Story & Walter 1997; Rhodes & van Apeldoorn 1998). With the new common framework, which might include binding investor protection rules, take-over regulations, accounting standards and in a way also employee participation, the reorganisation process will certainly speed up. This does not mean that harmonisation will be complete so that no regulatory hindrances remain. The problems linked to this, should, however be mitigated by a code of so-called best practices, particularly in the area of corporate governance (Lannoo 1999). Whatever the precise result will be, however, it seems likely that in view of increased cross-border capital transactions, all those statutes and arrangements which are excluded from harmonisation - above all social regulation, social security issues and the mode of employee involvement - will be increasingly subjected to the judgement of market competition.

#### 3. Corporatist involvement within the EU system of multi-level regulation

The economic and political projects, which have been outlined above, do indicate that the reorganisation of European capitalism was not confined to the national level. It took place in an increasingly transnationalised arena which, in the meantime, refers to a highly integrated European political economy (Bieling & Steinhilber 2000). As part of global or triadic capitalism the European economy is based on a particular regime of capital accumulation, which is not only more transnational in terms of trade, transport, and foreign direct investment, but also increasingly finance-led, i.e. determined by the development of financial markets, above all the stock market (Boyer 2000). This path of transformation went hand in hand with the (trans-)formation of a hegemonic bloc of social and political forces – consisting of managers, bankers, insurance brokers, real estate or financial services as well as of members of the European Commission, market oriented politicians, neo-liberal think tanks and many journalists -, largely integrated in a globalised business community, which meanwhile has created many links and (organised) channels of transnational communication (Balanyá et. al. 2000). Therefore, it is no accident that as far as economic governance issues are concerned the contours of a European mode of regulation have become more and more clear-cut. In general, the most important basic features - i.e. the mode of market regulation as well as monetary and fiscal policies – have been (re-)defined by the treaty revisions, first by the SEA and then by the Maastricht and Amsterdam treaty.

Even if the new mode of European economic governance has worked fairly well so far, it is far from complete and rather fragile. For as long as there are only reliable regulations and forms of common control within the core dimensions of economic regulation – i.e. monetary, fiscal and competition policies – whereas all other aspects are subjected to economic regime-competition or at best to a benchmarking and co-ordination procedure, the reproduction of the new European economy remains dependent on the compliance of principally autonomous political organisations operating primarily at the national level. This applies to both the political decisions of democratically elected parliaments and to the regulation of industrial relations by employers, trade unions and the state.

In contrast to the notion of disorganised capitalism most industrial relations systems in the EU have shown a remarkable stability regarding their national institutions, whereby changes and adjustments have followed a strong path dependency (Traxler et. al. 2001). To a certain extent there has even been a reinforcement of organised industrial relations and a re-strengthening of trade union involvement in policy-making at company/local, regional, national and even European level. The latter can at least partly be interpreted as a reaction to the frictions and

problems inherently associated with the new European economy. The conceptual motives for union involvement through various new forms of corporatist interests mediation are at least fourfold:

Firstly, with respect to European growth and employment strategy, unions should provide only modest wage increases below productivity growth in order to stimulate investment and, as an effect of trickle-down, additional employment. Besides, they should participate in the political process to make a contribution to a more "employment friendly", flexible labour market regulation and a re-adjustment of social security systems.

Secondly, with respect to monetary stability, wage moderation is again a decisive precondition. It should help to bring down or to maintain a low rate of inflation on the one hand and to support government sound budget strategies on the other hand.

Thirdly, with respect to national economic problems – low productivity increases, an inflationary induced loss in competitiveness or unforeseen shocks – trade unions should help to compensate for and to balance uneven developments.

Fourthly, and more generally, the incorporation of European trade unions or at least their leading representatives into a European hegemonic bloc of social alliances should strengthen and secure the political support and legitimation of market-led restructuring as the dominate form of European integration.

#### 3.1. Transformation of corporatist concertation

The concept of corporatism primarily provides a rather formal description of a particular mode of interaction between the state and a limited number of privileged organised interests, among them in particular trade unions and employers' and business organisations. Since its focus is on organisational and institutional arrangements and their influence on mediating different social interests, corporatism can principally be found under very different political regimes reflecting different political aims and outcomes (Schmitter 1979). For example, there is a widely regarded distinction between "*authoritarian corporatism*", as was established in many European countries during the nineteen twenties and thirties (with the Italian Fascist regime as its prototype), and "*liberal (neo-)corporatism*" as emerged in west- and northern Europe in the post-war period (Lehmbruch 1979). A basic common feature of all corporatist regimes, however, is the regulation of class conflicts regarding the distribution of national income and the structure of industrial relations through institutionalised forms of interest me-

diation which are able to incorporate organised business and labour in political and economic governance (Lehmbruch 1979: 151-152).

The concrete forms of corporatist arrangements, their major political projects and their substantial outcomes, depend on the concrete historical circumstances including the socioeconomic framework conditions, the power relations between different social classes and the overall hegemonic political configuration. While in its more authoritarian forms corporatism was a major tool to suppress an independent labour movement, in many countries the emergence of liberal corporatism went along with a significant strengthening of independent trade unions and an enforcement of political unionism (Higgins 1985). Although corporatist arrangements were often ideologically accompanied by ideas of "social harmony" which deny the existence of conflicting class interests, in practice these arrangements have always followed the logic of "antagonistic cooperation"(Glotz 1982). according to which class conflicts are not surmounted but mediated on the basis of historically institutionalised class compromises.

The emergence of neo-corporatism in the decades after the second world war could therefore be interpreted as a specific political expression of the "Fordist class compromise". The latter was generally based on a "political exchange" whereby the trade unions gave up their more far-reaching goals of a socialist transformation through socialisation of capital and economic democracy in exchange for the establishment of a politically and socially highly regulated market economy composed of a macroeconomic regime of steady incomes growth and full employment, an extended welfare state, highly organised industrial relations and a more or less extended involvement of trade unions in the overall process of policy-making. The substantial core of corporatist arrangements in that period was the field of incomes policy which aimed to keep price stability compatible with full employment within the overall framework of a Keynesian macroeconomic policy (Lehmbruch 1979; Mesch 1984).

The political exchange of Keynesian incomes policy included the following elements: First of all it had "largely the function of integrating organized labor into the economic status quo" (Lehmbruch 1979: 171). Trade unions were forced to give up their goal of a redistribution of national income through an expansive pay policy. Instead they had to accept a policy of pay moderation according to which pay increases had to be in line with productivity growth and therewith should keep the given distribution between capital and labour income stable. In exchange employers had to accept a more egalitarian pay structure while the state agreed on tax reductions, the extension of welfare benefits or increased social participation and codetermination rights.

In many respects the failure of Keynesian incomes policy in the seventies reflects the fragile character of corporatist arrangements. Under the conditions of full employment and economic prosperity it was labour in particular, which was often not able to fulfil its promises regarding moderate pay developments. The latter became most obvious in the late sixties and early seventies when in many European countries a renewal of shop-floor trade union militancy rejected the demands of trade union leadership for pay moderation.

Under the conditions of rising mass unemployment from the mid-seventies on, however, the centre of critique on Keynesian incomes policy passed over from labour to capital, which became less and less willing to accept the political price for corporatist cooperation and instead started to demand a more fundamental U-turn in social and economic policy including deregulation and flexibilisation of industrial relations. The political U-turn had actually already begun in 1973 when the German Bundesbank was the first to make a fundamental shift towards a non-accommodating, monetaristic policy, which later was followed by most other central banks in Europe and therewith undermined the concept of Keynesian macroeconomic policy. The change towards a more supply-side economic policy – mostly already introduced by social-democratic governments – ended up finally with a new neoliberal political hegemony in Europe which fundamentally questioned the traditional Fordist class compromise.

Since Keynesian incomes policies were almost dead at the beginning of the eighties, many observers associated this with a principle crisis of the concept of corporatism. Following neoliberal ideology, corporatism was seen as a major source of economic stagnation which could only be overcome by a fundamental deregulation and decentralisation of industrial relations. In its most radical version of Thatcherism in the United Kingdom the neoliberal approach openly took an anti-union attitude and aimed at a significant weakening of trade union power. In none of the other European countries, however, was such a radical version of neoliberalism able to gain a political majority. Moreover, as the return of many social-democratic governments in the nineties indicated, neoliberalism in its crude form lacked lot of a political support (Bieling 2000). The latter also reflected the existing power relations between capital and labour. Although most European trade unions were significantly weakened by mass unemployment, the economic structural changes and intensified economic competition, they remained strong enough to defend core institutions of the Fordist welfare state. Attempts at a neoliberal reconstruction of these institutions in the face of the full political resistance of the trade unions, therefore, might easily have run the danger of creating major obstacles to the restructuring process.

Against that background new forms of political concertation have emerged in the last two decades which have aimed at the incorporation of trade unions into political projects for a more fundamental reconstruction of social and economic institutions. The most obvious sign for such new concertation approaches has been the renaissance of national corporatism in Europe (Schmitter & Grote 1999). As will be outlined below, these new corporatist alliances , however, have little in common with the corporatist arrangements of the Fordist period. On the contrary, their principal aim is not to guarantee a smooth interaction of macroeconomic policy (as in the Keynesian concept) but to increase the overall national competitiveness. In order to underline the differences of *Fordist and Post-Fordist corporatism* many authors speak about a transformation from "demand-side to supply-side corporatism" (Traxler 2000) or from "social corporatism" to "competitive corporatism"(Rhodes 1998).

Besides the emergence of new national corporatist alliance, new forms of concertation could also be found at the company level. The so-called company "pacts for employment and competitiveness" partly reflect the needs for a new mode of work and production, but mainly represent new forms of micro-political reactions against the increasing economic pressure coming from intensified international competition and shareholder-value orientation.

Since the neoliberal restructuring has a strong transnational dimension influenced by some core political projects of the EU, new forms of concertation have also been developed at European level. This includes not only the extension of statutory rights for European trade unions and employers' associations through the Maastricht and Amsterdam Treaty in the core field of social policy and industrial relations but also their increased involvement in other policy areas such as employment policy, regional and structural policy or even macroeconomic policy.

#### 3.2. A European system of multi-level concertation

Industrial relations in Europe are faced with a new system of multi-level concertation, the overall aim of which is to promote the process of market-oriented restructuring through an active involvement of employees and trade unions in order to guarantee their political support and to safeguard a broad social acceptance. Therewith, the contours of a new hegemonic mode of regulating industrial relations in Europe have emerged as a specific combination of national "*competitive corporatism*", " *competitive company alliances*" and – to a large extent – "*symbolic Euro-corporatism*" (Table 2).

|  | National (regional/local) level   | Company level   | European level   |
|--|---|---|--|
| Characteristic feature                 | Competitive Corporatism   | Competitive Company Alli-<br>ances  | Symbolic Euro-Corporatism  |
| Institutions                           | Social Pacts<br>(at national level)<br><i>Territorial Pacts</i><br>(at regional/local level)  | Company Pacts for Employ-<br>ment and Competitiveness<br>(PECs)   | Social Dialogue (at intersecto-<br>ral and sectoral level)<br>Macroeconomic Dialogue<br>Various tripartite consultation<br>bodies in the areas of employ-<br>ment policy; regional and<br>structural policy; industrial<br>policy etc. |
| Major aims                             | <ul> <li>Improving national/regional<br/>competitiveness by:</li> <li>Pay restraint</li> <li>Reduction of social cost<br/>and company taxes</li> <li>Fulfilment of EMU Conver-<br/>gence Criteria and Stability<br/>Pact</li> </ul>   | Improving company competi-<br>tiveness by employee conces-<br>sions in pay and working con-<br>ditions<br>Introduction of new forms of<br>work organisation<br>Labour's involvement/support<br>of transnational restructuring "                 | Strengthening political accep-<br>tance and legitimation for the<br>major EU projects<br>Integration of trade unions in<br>restructuring of European<br>capitalism   |
| Influence of<br>European poli-<br>tics | <ul> <li>European benchmarking of<br/>"national models"</li> <li>Involvement of<br/>"Social Partners" in</li> <li>Implementation of European agreements</li> <li>National Action Plans<br/>(NAP)</li> <li>Regional development<br/>projects funded by the EU<br/>(at regional/local level)</li> </ul> | "European model": Partnership<br>for a new organisation of work<br>Social dialogue in the man-<br>agement of industrial change<br>and corporate social responsi-<br>bility<br>Information and consultation<br>rights<br>European Works Councils | Financial and institutional<br>support to European trade<br>unions and employers organi-<br>sations  |

Table 2: European system of multi-level concertation

Source: Own composition

#### 3.2.1. National level: Competitive Corporatism

At the end of the nineties a "social pact" or another form of institutionalised tripartism at national level was established in almost all EU member states – with the exception of France and the United Kingdom (Fajertag & Pochet 2000; European Commission 2000b). While in some countries (e.g. Austria and Denmark) national corporatism had continued to exist since the Fordist area, other countries (e.g. the Netherlands and Ireland) saw a re-emergence of national corporatism as early as the eighties. In the majority of the EU states, however, the new national social pacts were set up in the nineties, including the countries of southern Europe (Italy Spain, Portugal, Greece) which had no strong tradition of Fordist corporatism. The re-emergence of national corporatism was mainly due to three developments: *First*, in the transition to Economic and Monetary Union (EMU) – in view of the convergence criteria – almost all member states had to intensify their efforts to adapt their whole macro-economic arrangement of monetary, fiscal, social and wage policies, which seemed to be facilitated by the involvement of trade unions (Hassel 2000). *Second*, the electoral success of new Social Democratic Parties and the formation of centre-left coalitions stimulated corporatist alliances not only for practical, but also for ideological reasons (Bieling 2000). And *third*, it became increasingly clear that those countries whose economic management had shown enduring corporatist features of interest mediation – e.g. the Netherlands, Ireland and Denmark – had been most successful with respect to competitiveness and employment creation (Teague 1999). Against the background of the new political benchmarking-procedure in the European Union they became models in the discussion on so-called "best practices".

Despite all the existing national particularities of the new social pacts, there are at least three closely connected policy areas which can be found in one form or another in almost every country and which could be interpreted as the core of competitive corporatism:

- 1. The commitment of the unions to a policy of pay restraint based on pay levels remaining below productivity increases, a (partial) opening of pay bargaining from sector to company level and the acceptance of higher pay differentials;
- 2. The reconstruction of Fordist labour market and welfare state institutions in order to make the labour markets more flexible and to achieve a significant reduction in social security contributions and welfare expenditure;
- 3. The reform of the tax system geared towards achieving a gradual shift of focus from direct to indirect taxation and in particular a comprehensive reduction in company taxes.

The most visible policy area within competitive corporatism is pay policy. Whereas it has always been a central aim of corporatist arrangements to guarantee moderate or restrained pay developments, the terms "moderate" or "restrained" pay policy have undergone a fundamental change in meaning and today are no longer associated with a *"productivity-oriented"* pay policy (as in the Keynesian regime), but instead with a *"competition-oriented"* pay policy aiming at a strengthening of investment and employment through the improvement of national competitiveness (Schulten 2001a). As a result, almost all new social pacts have contained more or less binding wage policy guidelines which either aim to undercut the average wage trend in the most important rival countries or generally seek to lower national labour costs by concluding pay settlements below the growth of productivity (Table 3).

| Country     | Agreement   | Pay guidelines or recommendations  |
|-------------|---|--|
| Belgium     | Cross-sectoral bipartite agreements (1998, 2001)                              | Defining of a maximum pay increase which should<br>correspond with the average wage increases in France,<br>Germany and the Netherlands                                  |
| Denmark     | National tripartite declaration (1987)  | Developments of Danish labour costs should not ex-<br>ceed the development of labour costs in competing<br>countries   |
| Finland     | Agreement of the national tripartite incomes policy commission (1995)         | Pay increases should be in line with the total sum of the target inflation of the Bank of Finland (today the European Central Bank) and the national productivity growth |
| Germany     | Statement of the national tripartite "Al-<br>liance for Jobs" (2000)          | Results of collective bargaining should be based on<br>productivity growth and should be primarily used for<br>job-creation measures.                                    |
| Greece      | National tripartite "Confidence Pact"<br>agreement (1997)                     | Pay should rise along with inflation, and should also reflect part of national productivity growth.  |
| Ireland     | National tripartite agreements (1987, 1990, 1994, 1997, 2000)                 | Determining of maximum pay increases in line with the "European Stability Pact"  |
| Italy       | National tripartite agreements (1993, 1998)                                   | Nationally agreed pay increases should reflect national<br>and average European inflation, additional pay agree-<br>ments at company-level should reflect productivity.  |
| Netherlands | National bipartite agreements within the labour Foundation (1982, 1993, 1999) | Recommendation of moderate pay increases in order to improve overall competitiveness   |
| Norway      | National tripartite incomes policy agreements (1992, 1999)                    | Pay increases should be in line with average pay devel-<br>opments of Norway's main trading partners   |
| Portugal    | National tripartite agreement "employ-<br>ment pact" (1996)                   | Pay increases should reflect inflation and productivity growth   |
| Sweden      | Bipartite agreement for the industry sector(1997)                             | Recommendation for a "European norm" according to<br>which Swedish pay should not raise faster than the EU<br>average.   |

Table 3. Pay guidelines or recommendations in national competitive corporatism

Source: Schulten & Stückler 2000

The shift in pay policy primarily reflects a changed configuration of interests and bargaining power between trade unions and employers due to the transition from a full employment economy to a situation of mass unemployment (Traxler et. al. 2001: 411). In addition to that it has also been promoted by the establishment of an "institutionalised monetarism" in Europe through EMS and EMU which automatically counteract "non-moderate" pay developments by a tough monetary policy.

Besides pay developments the reconstruction of the Fordist labour market and welfare state institutions have been the most important issue on the agenda of competitive corporatism (Hassel & Ebbinghaus 2000). In comparison to the corporatist arrangements of the sixties and seventies, however, the new social pacts of the eighties and nineties are not about extensions of welfare state benefits (in exchange for the union's pay moderation) but about their limita-

tion. A particular focus, thereby, was on the reorganisation of the social security systems aiming at cuts in social benefits, a reduction of non-wage labour costs and a privatisation of parts of social security in order to reduce the financial burdens of both the employers and the state.

Against that background the "political exchange" within competitive corporatism has become distinctly asymmetrical. Usually the unions are expected to make advance concessions, particularly in the form of pay restraint, which only rarely contain clearly-defined 'quid pro quos' (e.g. working time or tax reductions) and which are frequently balanced against nothing more than a vague hope of job growth induced by wage restraint (Hassel 2000: 30). The unions are in principle expected to adopt the neoliberal creed which considers economic problems to be caused by an over-regulation of the economy and by generally excessive labour and welfare costs. From the trade union perspective, however, the most important core of the new competitive corporatism is that it may contribute towards stabilising the national institutions of industrial relations and thereby politically maintaining the importance of the unions as an accepted social actor at national level despite a significant loss of power (Crouch 2000; Deppe 2000).

The establishment of new social pacts at national level has often been accompanied by the emergence of new forms of tripartite concertation at sub-national level, e.g. the level of federal states, regions, provinces or local areas. Some of them took the form of so-called "territorial employment pacts" which became politically promoted and financially supported by the European Commission as part of the EU structural and regional policy (European Commission 1999c). Although these regional pacts vary a lot regarding their mode of operation and concrete policy projects, their core aim is to improve regional attractiveness for new business and investments. In that sense the regional pacts complement the social pacts at national level as a kind of "competitive meso-corporatism".

#### 3.2.2. Company level: competitive company alliances

The marker-led restructuring of European capitalism at the national level was accompanied by the emergence of a new "Post-Fordist production model" at company level (Dörre 2001). The latter was developed as a result of a fundamental corporate restructuring process which includes various aspects such as the introduction of new information technologies, new forms of work organisation, the acceleration of (transnational) mergers and acquisitions and the emergence of internationally integrated value chains, the re-organisation of companies as widely

independent business units and profit centres, permanent changes in the company organisation as the result of in- and outsourcing of economic activities as well as the introduction of shareholder-value orientation as the dominant form of corporate governance. Altogether, these developments had an enormous impact on the development of industrial relations and led to a fundamental questioning of the traditional Fordist class compromise.

While the traditional Fordist production model was embedded in a strong national labour regulation provided either by national labour law or by multi-employer collective agreements at sectoral or national level, Post-Fordist production became widely associated with deregulated and decentralised industrial relations. Since the whole restructuring process took place under the conditions of globally deregulated financial markets, increased fierce competition and mass unemployment, at least in three respects the new Post-Fordist production model is based on a fundamental shift in power relations within the company.

First of all, there has been a fundamental shift in the power relations between capital and labour. Capital has more and more (actual or potential) "exit-options" to undermine or change existing labour regulation. By using threats of lay-offs, relocation or modification of investment plans it can force labour to accept concessions in respect to collectively agreed or statutory employment conditions. *Secondly*, there has been a shift in power relations between local and central management. Since the governance methods within companies have become more and more market-oriented, the local management is under increasing competitive pressure to fulfil its short-term profit targets. Especially within transnational corporations local business units are centrally monitored under a permanent benchmarking process which aims at the global dissemination of "best practices" and the enforcement of competition between the different units within the corporation. In recent years labour-related issues such as overall labour costs, labour productivity, absenteeism, pay settlements, duration and flexibility of working time and new forms or work organisation have become increasingly part of such benchmarking processes and provide an important tool for central management to put pressure on their local managers who then pass the pressure on to the local workforce (Marginson & Schulten 1999). Thirdly, there has been a shift in power relations between management and shareholders (in form of institutionalised investors such as banks, investment funds etc.) as far as the increase of stock market quotations have become the company's prime goal. Since the latter always depends on current company performance, the shareholder-value orientation produces a structural "short-termism" in companies' behaviour, which enforces a permanent organisational restructuring and an elimination of those parts of the companies which cannot fulfil the profit targets.

Against that background a new type of concertation has been developed at the company-level which have often taken the form of so-called "pacts for employment and competitiveness" (Sisson et. al. 1999). These new company pacts, which have been found in many European countries (Sisson & Artiles 2000), are based on company alliances between the local management and the core workforce mostly supported by local labour representatives and sometimes also by local trade unions. The general pattern behind all these new company pacts is the integration of labour into a company strategy which aims at the permanent improvement of the competitive performance of the local business unit. There are, of course, many different ways how this improvement can be reached, and so the outcome of the company pacts has shown many differences in detail. However, they also widely reflect the changed power relations within the company which give them a highly asymmetrical character and put labour in many respects on the defensive.

One major area the company pacts dealt with has been the introduction of new forms of work organisation. At the beginning of the nineties the transformation towards a new Post-Fordist production model was widely regarded as an opportunity to overcome the old Tayloristic form of work organisation, with its strongly hierarchical work relations, by the introduction of a new more employee-oriented system of work organisation including more "democratic" forms of direct employee participation. The introduction of a new organisation of work was expected to improve both working conditions and productivity and therewith to create a new "win-win" basis for the integration of labour at company level. During the last decade, however, these expectations have often been disappointed (Dörre 2001). Although there has been some innovative examples of new work organisation, the prevailing trend so far seems to be that external economic pressures coming from fierce competition and shareholder-value orientation create a significant barrier to a more substantial changes in work organisation and sometimes have even promoted a Re-Taylorisation of work.

The basis for the integration of labour into the new competitive company pacts was, therefore, not so much the introduction of more employee-oriented work organisation but instead the establishment of a new form of "concession bargaining" (Sisson & Artiles 2000). In order to avoid possible job losses the employees' representatives – often with great support from the workforce – made concessions regarding pay levels, working time arrangements and other working conditions and in exchange received from the employer a guarantee not to make compulsory redundancies for a certain period of time which in some cases went along with promises for new investments. While many of these company pacts originally emerged in a situation where the company was in a significant economic crisis, in the meantime they have

also been applied in better performing companies and therewith have become established, more and more, as a "normal" type of labour regulation at company level (Maurer & Seifert 2001).

All in all the new competitive company alliances have contributed to a significant decentralisation of industrial relations in Europe. In various cases they even openly contravene valid labour laws or collective agreements and therewith represent a new form of "wild-cat cooperation" at company level. Moreover, the spread of the new company pacts has increased the pressure to change existing labour regulation in order to give more regulatory competence to the company-level. Indeed, almost all European countries have seen a process of "organised decentralisation" according to which many provisions of existing labour law or collective agreements have been opened for a more "flexible" implementation or even a "regulated departure" at company level (Traxler et. al. 2001). Therefore, the development of new competitive company alliances are also not in contradiction to the renaissance of national competitive corporatism. On the contrary, national social pacts have often promoted the process of "organised decentralisation" (Hassel 2000). while both forms of concertation have helped to integrate labour in the overall process of competitive restructuring.

#### 3.2.3. European level: Symbolic Euro-Corporatism

Since the core political projects of recent European integration were identified as a central dynamic force for the new political economy of competitive restructuring, they have been to a certain extent accompanied by a new European social and labour policy which was promoted the emergence of "quasi-corporatist structures" at European level as a new mode of tripartite concertation (Falkner 1998). The growing importance of European social and labour policy can be interpreted as a political compromise with those social forces who criticised the existing imbalance between economic and social integration and who might refuse – at least potentially – their political support for the core economic integration projects.

It has been in particular the European trade unions who emphasised the possible negative effects of SEM and EMU which might increase the danger of 'social dumping' and downward competition within national social and labour standards. These complaints had already been taken up in the mid-eighties by the Delors-Commission which developed its vision of a strong 'social dimension' of the European integration process (Ross 1995; Ziltener 2000b). Jacques Delors himself presented this vision in 1988 first at the Congress of the European Trade Union Confederation (ETUC) in Stockholm and then at the Congress of the British Trade Union

Congress (TUC) in Bournemouth and received strong support from the European trade unions who since then have taken a much more positive attitude towards European integration (Dølvic 1999). Initially, the concept of a 'social dimension' was little more than a programmatic declaration to mobilise sympathy among trade unions and other social actors. However, in 1988 it materialised first in the so-called 'European Social Charter' and the successive Social Action Programme and later on in the Social Protocol of the Maastricht treaty of 1991. All these initiatives followed the idea of setting up certain European minimum standards in the field of social conditions and labour rights in order to avoid social dumping.

Apart from that, the European Commission developed new initiatives to strengthen tripartite cooperation at European level. The first was the 1985 Val Duchesse initiative where the European Commission aimed to establish the so-called 'social dialogue' as a permanent European forum for those European peak associations of employers and trade unions which had been designated by the Commission as 'European social partners'. This initiative did institutionalise regular meetings between representatives of the ETUC on the one hand and UNICE (Union of Industrial and Employers' – Confederations of Europe) as well as CEEP (European Centre of Enterprises with Public Participation) on the other hand. These meetings resulted in a number of joint-position papers which have been of little consequence, however, since they only took the form of general, advisory, and voluntary documents without any binding effect.

The Social Chapter of the 1991 Maastricht Treaty (which was incorporated without any significant changes into the Treaty of Amsterdam in 1997) gave the 'social dialogue' a much broader legal basis. For the first time, the 'European social partners' were not only granted extensive consultation rights in all European social policy initiatives, but the treaty also made it possible for them to substitute the Commission's draft directives with their own agreements, or else to enter into agreements on their own initiative. Subsequently, the 'social dialogue' became considerably intensified, both at the cross-sectoral level (between the ETUC and UNICE and CEEP) and at the sectoral level (between the sectoral trade union and employers' organisations) (Keller & Bansbach 2000; European Commission 2000b). In the meantime, three 'European social partner agreements' have been successfully concluded between the ETUC, UNICE and CEEP, covering the areas of parental leave (1996), part-time work (1997) and non-standard employment contracts (1999) respectively. In addition, three other sectoral accords concerned with sector-specific adaptation to the EU Working Time Directive have also materialised. The substantive results of these agreements are, however, rather modest and entail an improvement to existing national standards in only a very few EU states. The experiences of the social dialogue so far emphasise the "structural superiority of capital at transnational level" (Streeck 1999) which is that labour can seek its class interest only through supranational protection against competitive deregulation while capital can seek its class interest by simply rejecting and blocking a European-wide social regulation. The latter has been proved by the fact that the European employers' associations were only prepared to negotiate a European agreement under the Social Dialogue when they might have been able to avoid, what in their eyes, was a 'less favourable' EU Directive. Yet even this new form of European bargaining between the social partners "in the shadow of the law" has so far not proved very resilient, and has generally been limited to less controversial subjects. As soon as more controversial issues were involved, such as the introduction of European Works Councils (EWCs) or the issue of general employees' information and consultation rights at company level, negotiations failed because of the employers' resistance, although the European Commission had presented a draft legal arrangement beforehand.

Apart from the European social dialogue in the core of labour and social policy, during the nineties European tripartite cooperation structures were also developed in other policy areas. In particular the European Employment Policy as a newly established policy field at European level (Deppe & Tidow 2000) led to a further increase of social partners participation in European policy making. European trade unions and employers' association became structurally involved in the development of the annual European Employment Guidelines and are part of the new "Macroeconomic Dialogue" between the national governments, the European Commission, and the European Central Bank (ECB). The institutionalised involvement of the 'European social partners' has also further increased in the areas of regional and structural policy as far as they have become more closely linked with employment policy.

Although in the past decade Europe has seen the emergence of a widely branched "corporatist policy community" (Falkner 1998), the core political projects of European integration have remained largely unaffected by these developments and continue to follow the logic of competitive restructuring. The actual political significance of the European 'social dialogue' and other forms of European tripartite concertation has therefore less to do with its few substantial results, than with its political function to integrate European trade unions, at least symbolically, into the EU system of policy-making. Such 'symbolic Euro-corporatism' serves to a large extent the institutional self-interests of the European trade union organisations in Brussels and has been further stabilised by the development of a rather comprehensive informal network between representatives of the European employers' associations and trade unions and officials of EU institutions. A particularly close-knit network has been developed be-

tween the ETUC, its sectoral affiliates, and the Directorate-General for Employment and Social Affairs (former DG V) of the European Commission. Thereby, the European trade union organisations have strongly profited from the Commission's political and financial support which has allowed them to expand their political and organisational infrastructure in Brussels to a remarkable extent over the last few years (Martin & Ross 1999). Today, they are reliant on EU funding for a substantial number of their activities: ranging from the organisational and translation costs for European meetings to considerable funding provided for European trade union institutions such as the European Trade Union Institute or the European Trade Union College.

The far-reaching political and sometimes even financial support of EU institutions for the European trade unions has, of course, ambivalent effects. On the one hand, it increases the scope for union activity at European level, but on the other hand it also creates political dependencies which are of considerable consequence for the formulation of positions and strategies within the European trade unions themselves. Regarding the core political projects of European integration such as SEM and EMU, European trade unions have always taken a "Yes, but"- position (Dølvic 1999). They have usually supported the projects in principle, but have claimed to give them a less neo-liberal direction by compensating the negative effects through the extension of European social regulation. Although the substance of what the unions have got so far is not at all able to fulfil this compensatory function, the emergence of "symbolic Euro-Corporatism" has proved a relatively successful way to integrate them into a hegemonic bloc at European level while keeping alive their functionalist hopes of a slow but steady and continual expansion of European social regulation.

Finally, the EU institutions – among them in particular the European Commission – have also started to influence the development of industrial relations also at national and at company level by actively supporting the idea of a European system of multi-level concertation. In particular the European employment policy has become an important policy area through which the idea of "a strong partnership at all appropriate levels (European, national, sectoral, local and enterprise levels)" (European Commission 2000d) has been promoted. While the EU Council has always recommended extensive participation of social partners in the implementation of the European Employment Guidelines, the European Commission have evaluated, in detail, to what extent the social partners have actually been involved (European Commission 2000e). Based on this evaluation, the Commission came to the result that, for example, the social partners' involvement in the development of the National Action Plans (NAPs) has been inadequate especially in those countries which have more decentralised collective bar-

gaining systems (European Commission 2000e). The Commission called on the governments of France, Greece, the UK, and Portugal to improve co-operation with the social partners at national level (European Commission 2000d). In addition to that the European Commission also took various initiatives which aim at the promotion of the "partnership approach" at the company level, such as the 1997 Green Paper on "Partnership for a new organisation of work" (European Commission 1997) or more recently the Green Paper on "Corporate Social Responsibility" (European Commission 2001). All these initiatives try to establish a new model of company level concertation in order to involve the employees in the process of corporate restructuring.

#### 4. Corporatist involvement and beyond?

So far, the discussion should have made clear that even under conditions of intensified, market-driven economic restructuring forms of corporatist interest mediation and social concertation have not been simply dissolving, but rather transforming. In most circumstances this transformation has affected both their forms and contents. With respect to the forms, corporatist involvement at the national level is still most important, but evidently simultaneously influenced by new modes of social concertation at the firm or regional level on the one hand and the European and transnational level on the other hand. Of course, all these dispersed, but interacting dimensions cannot be reduced to one single content; depending on the nation-state and the level of concertation the bargaining issues and concrete power configurations are too different (Grahl 2001). All in all, however, they have a general, in a way ambiguous effect: Although they might contribute to or perhaps even strengthen the acceptance of employees' representatives and trade unions as reliable political actors, they help to mediate a way of socio-economic restructuring, which tends to favour a world market-oriented, cost-cutting competition strategy.

This holds true for most of the EU countries, at least. Apart from those societies without any significant mode of concertation, the character of corporatist arrangements, including the role of trade unions, has changed along the general lines of a market-led process of socio-economic restructuring and political regulation. For the so-called 'social partners' this potentially implies some new or additional arenas of information exchange and political bargaining – and by this a strengthening of the logic of political influence vis á vis the logic of membership (Offe & Wiesenthal 1980) –, but further also a weakening of autonomously defined interests on the part of trade unions. There is, of course, no immediate trade-off between corpo-

ratist involvement and autonomous trade union politics. But if trade unions rely almost exclusively on their formal or procedural participation in political decision making and not on their original power resources – e.g. interest representation at the workplace, membership mobilisation, the capacity to strike or to organise public campaigns, – they run the risk of becoming highly dependent on the willingness of other political actors – political parties, associations, and governments – to take the aspirations of trade unions into consideration.

From a trade union point of view, such a strategy of involvement is not necessarily a desperate but eventually an unsuccessful attempt to overcome its own political and organisational problems. On the contrary, some national unions manage even to (re-)gain some organisational strength by the corporatist adaptation to the disciplinary pressures of competitive restructuring. Mostly, however, such strategic orientations are accompanied by political selfrestraint, i.e. the renunciation of vivid internal debates and any autonomous definition of trade union interests. It is far from certain, what this will eventually mean in a medium to long-term perspective. At present, however, there are at least some indications that a politically subordinate and dependent strategy of union involvement is becoming more and more unsustainable. Within the unions membership-base there are signs of political discontent emerging in various European countries, since the GDP and enterprise profits have tended to increase substantially while – as far as social policy and wage relations are concerned – the claims, expectations, and interests of employees have failed to keep up. Forms of employee and union membership disappointment seem to be stimulated by the following developments:

First, at the onset of the new millennium, within the EU wage bargaining took place in a different socio-economic and political configuration. On the one hand, the new configuration is still determined by the labour markets as well as social and fiscal policy requirements to stabilise EMU (Dyson 2000). Hence, it has to keep going along with the new policy mix and the EU Broad Economic Guidelines, which are mainly defined by business interests, i.e. wage restraint, low inflation, low interest rates and high enterprise profits. On the other hand, now that the transition towards EMU has been almost completed there are some indications of a change of criteria and concerns of political action. There is already some talk of a post-EMU agenda, since wage bargaining has become more and more relieved of the burden of supporting the fulfilment of monetary and fiscal convergence. Moreover, there seems to be an emerging consensus that the coming focus should be on "the sharing of productivity gains" and the management of pressing social issues as employment conditions, social exclusion and pensions (Fajertag & Pochet 2000a). Second, besides the changed (post-)EMU configuration, the consensus of wage moderation seems to be dissolving due to improved labour market conditions. The economic up-swing in the second half of the nineties brought many European countries – however not the larger ones such as Germany, Italy, France and Spain – close to a situation of full-employment. Without doubt, this amended the bargaining position of employees and trade unions. Even if the unions are cautions and hesitate to take advantage of this modified power configuration, they are confronted with rising membership claims. After about two decades of wage restraint and redistribution of income in favour of capital the recent collective bargaining rounds in Europe have shown that particularly in the economically successful countries, as for example the Netherlands, Ireland, Denmark or Norway, the demand for more distributive justice is back on the bargaining agenda again (Schulten 2001b).

And third, from the point of view of union membership many of the recent forms of social concertation and corporatist involvement seem to be exhausted. Since management and investors make use of their capacities to play off the employees of different plants, on the firm level concertation is often associated with deteriorating work and employment conditions, while on the national and European level there are only few signs of social progress. Without a macro-economic dimension, national corporatism – i.e. wage bargaining, labour market policies and social reform – is strongly determined by competitive issues, and the European social agenda contains hardly any issues of substantial regulation, but mostly issues of procedural co-ordination (Falkner 2000). How such weak, often only symbolic forms of concertation will create sufficient consent on the part of union membership, remains therefore rather unclear and uncertain.

But also the opposite holds true. So far, there are only some weak signs that the emerging discontent will lead to both; to a comprehensive and progressive critique of the European socio-economic order and to autonomously defined trade union strategies. The main problem is that the – often rather diffuse – discontent is neither analytically nor politically linked to the most serious contradictions and potential conflicts inherent to the prevailing mode of marketdriven disciplinary restructuring of capitalist societies. Analysing the Seattle Movement, Stephen Gill (2000) refers to four main contradictions, all of them driven by a market-oriented transnational constitutionalism (Gill 2000, van der Pijl 1998). The first one is between *global capital and democracy*, since most powerful governments and TNCs try to evade public and parliamentary control by 'locking in' neo-liberal policies in supra- or transnational arrangements. The second – economic and social – contradiction is due to the *intensified discipline on labour*, i.e. worsened social work and employment conditions as an accompanying result of transnational economic, social and political restructuring. This discipline is, thirdly, stretching beyond the work and production site to the *sphere of social reproduction* so that family or community relations and social welfare regulation are also subjected increasingly to flexibilising pressures of market competition and profit criteria. And finally, corporate domination tends to establish a kind of mono-culture or *cultural imperialism*, which affects more or less directly the given diversity of socio-cultural and biological relations.

It is this broader context which must be taken into account if unions are to rethink their recent political initiatives and strategies, and look for ways to mobilise more autonomously social and political capabilities. This means, above all, to strengthen transnational class alliances by cross-border union co-operation, while simultaneously taking a more critical and self-reliant approach in terms of national corporatist arrangements (Schulten 2001c). The same is true for the idea of European social dialogue which Richard Hyman has described as "one of the more fatuous of recent rhetorical devices within the European Union ... (which) effect in the real world is imperceptible. But *within* and *between* trade unions themselves, the pursuit of dialogue and search for common opinion are vital requirements. Hence the task of European trade unions today may be encapsulated in the slogan: *develop the internal social dialogue*!" (Hyman 2001: 174).

In recent years some initiatives towards more autonomous European trade union co-operation have already emerged which could be referred to as such a strategy. The most important can probably be found in the field of collective bargaining where almost all European trade union organisations have followed the approach of the European Metalworkers' Federation (EMF) to coordinate their bargaining policy. In order to avoid a European downward competition on wages and working conditions, the EMF has started to define political criteria for a solidaristic bargaining policy at national and local level (Schulten & Bispinck 2001). Besides this, there are also some broader discussions on an alternative macroeconomic approach of governing the European economy, e.g. by a growth and employment friendly monetary policy, a strengthened fiscal base for upgrading the public infrastructure, flexible working-time reduction and more binding and substantial European commitments in the area of social regulation (Memorandum of European Economists 2001).

Whether such issues will seriously be placed on the European agenda, depends eventually also on the capability of the unions to form together with other initiatives a bloc of progressive social and political forces. In order to do so, one of the pivotal tasks is to link the objective of solidaristic collective bargaining and macro-economic policy to the concerns of progressive social movements, e.g. to the critique of deteriorated social and ecological living conditions or the development of unfettered global capitalism. For progressive unions such issues cannot be an anathema. Some of them have shown this by their engagement in transnational campaigns and demonstrations in Seattle, Prague, Nice, Gothenburg or in Genoa. Such engagement is, however, only a first important step. In a mid- to long-term perspective it is essential to develop alternative political projects to give momentum – against the prevailing mode of market-oriented constitutionalism and disciplinary competitive restructuring – to a solidaristic and ecologically defined "progressive constitutionalism" (Bieling & Deppe 2001).

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