



# REDRAWING BOUNDARIES OF SOLIDARITY?

ETUC, social dialogue and the Europeanisation of trade unions in the 1990s

JON ERIK DØLVIK





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JON ERIK DØLVIK

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**Redrawing boundaries of solidarity?  
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of trade unions in the 1990s**

Jon Erik Dølvik

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# Content

<b>List of figures and tables</b>	<b>ix</b>
<b>List of appendices</b>	<b>ix</b>
<b>Abbreviations</b>	<b>x</b>
<b>Preface</b>	<b>xiii</b>
<b>PART I Introduction and analytical perspectives</b>	<b>1</b>
1 Introduction	2
1.1 Maastricht – a watershed of trade union Europeanisation?	2
1.2 European integration and the quandary of cross-border labour solidarity	3
1.3 The strategic dilemmas of European trade unions	5
1.4 Scope and issues	9
1.5 Thesis structure	13
2 Theoretical perspectives and analytical approach	14
2.1 Entering new analytical terrain	14
2.2 A multi-layered and contested field of study	14
2.3 The “Euro-optimistic” and “Euro-pessimistic” interpretations	16
2.4 Structural imperatives and the heritage of functionalism	18
2.5 Political and institutional perspectives – organised interests, collective action and the fledgling European state	19
2.6 Implications for the analytical approach of this study	27
2.6.1 Conceptual framework	27
2.6.2 Institution-building and the duality of structure and agency	29
2.6.3 Redrawing boundaries of community-formation, collective identity and labour solidarity?	32
3 Empirical sources and methodology	36
3.1 Background	36
3.2 Empirical approach – emphasis, angles and limitations	38
3.3 Data sources and methods of data collection	40
3.4 Final reflections	48
<i>Endnotes Part I</i>	52
<b>PART II Background and context – European integration and the challenges of trade unions</b>	<b>57</b>
4 European integration and the changing political and economic frameworks of trade unions	58
4.1 Introduction	58
4.2 From the Treaty of Rome to Maastricht	58
4.2.1 Political aims and economic means	58
4.2.2 Intergovernmentalism versus supranationalism	59
4.2.3 The Community “relaunch”	60
4.2.4 1989 and the prospect of Pan-European unification	61

4.2.5	Negotiating the Maastricht settlement .....	63
4.2.6	A paradoxical compromise .....	64
4.2.7	Implications for European social policy .....	66
4.3	The renewed trajectory of economic integration .....	67
4.3.1	Introduction.....	67
4.3.2	The single market regime .....	69
4.3.3	Towards a new multi-levelled regulatory system .....	71
4.3.4	Consequences for industrial relations – upward convergence, social dumping, or regime shopping?.....	72
4.3.5	The limits to regime competition – some critical remarks .....	76
4.3.6	Summary .....	79
4.4	EMU and the evolving European regime of macro-economic governance.....	80
4.4.1	Background .....	80
4.4.2	Main features of the EMU .....	81
4.4.3	Implications for national industrial relations .....	84
4.4.4	Implications for industrial relations at European level.....	87
4.4.5	Implications for the ETUC .....	89
4.5	Interest representation and decision-making at Community level – towards “Euro-pluralism” or “Euro-corporatism”? .....	90
4.5.1	Introduction.....	90
4.5.2	Community decision-making and the target structure of organised interests .....	91
4.5.3	Interest representation at Community level – a brief overview .....	92
4.5.4	Analytical approaches and interpretations .....	94
4.6	The new economic and political configuration of European integration – the challenges to trade unions .....	99
4.6.1	ETUC and the Maastricht reforms .....	99
4.6.2	Summary: the strategic dilemmas and challenges of the ETUC .....	102
	<i>Endnotes Part II</i> .....	106

### **Part III Evolution of social policy, collective actors and institutions of industrial relations at the European level ..... 111**

5	The evolution of EC social policy – an emerging island of Euro-corporatism? .....	112
5.1	Introduction.....	112
5.2	The regulatory conundrum of EC social policy – main issues and dilemmas .....	112
5.3	The origin and legal basis of EC social policy .....	115
5.4	Stages of EC social policy development .....	117
5.5	Review of the pre-Maastricht policy configuration .....	122
5.5.1	Actors, interests and institutional dynamics .....	122
5.5.2	Commission preparations for the Maastricht intergovernmental conference .....	124
6	Development of trade union structures and policies at European level .....	127
6.1	Introduction.....	127
6.2	The historical legacy of international trade unionism .....	128
6.3	Evolution of European trade union structures (1950–70).....	131
6.4	Development of the ETUC (1970–85) .....	134

6.4.1	Foundation .....	134
6.4.2	Ideological enlargement of the ETUC .....	138
6.4.3	Membership structure .....	140
6.4.4	Organisational objectives and structures .....	144
6.4.5	Policy issues and functions .....	146
6.4.6	ETUC early development – summarising remarks .....	148
6.5	Renewed impetus to ETUC integration (1985–1991) .....	150
6.5.1	Overview .....	150
6.5.2	From national decline to Europeanisation? .....	150
6.5.3	The Congress in Stockholm 1988 .....	153
6.5.4	Organisational and political developments.....	155
6.5.5	The run-up to the ETUC 1991 Congress .....	162
6.5.6	The ETUC 1991 Congress – towards a supranational trade union confederation? .....	163
6.5.7	Summary .....	169
6.6	Review of the organisational status and challenges of the ETUC 1991 .....	170
<b>7</b>	<b>European employers' associations and social dialogue .....</b>	<b>176</b>
7.1	Introduction.....	176
7.2	The overall pattern of European employers' associations .....	176
7.3	CEEP – The European Centre of Public Enterprises.....	178
7.4	UNICE – the Union of Industrial and Employers' Confederations of Europe .....	179
7.5	UNICE approach to EC social policy and social dialogue.....	183
7.6	Review of the social dialogue 1985–1991 .....	184
7.7	Towards a rethinking of UNICE strategy? .....	187
<b>8</b>	<b>Social dialogue and treaty reform – the 31 October Agreement and the Maastricht Social Protocol.....</b>	<b>189</b>
8.1	Introduction.....	189
8.2	The content of the Maastricht Social Protocol and Agreement.....	190
8.3	The process leading to the 31 October Agreement and the Maastricht Social Protocol ....	193
8.3.1	Setting the agenda .....	194
8.3.2	Social dialogue negotiations in the shadow of IGC .....	197
8.3.3	Stumbling into the 31 October Agreement .....	202
8.3.4	Striking the IGC social policy compromise .....	204
8.3.5	Immediate ETUC reactions .....	205
8.4	How could it happen? .....	206
8.4.1	Overview .....	206
8.4.2	Commission process management and the role of the social dialogue Ad Hoc Group ....	206
8.4.3	Strategic choice facilitated by coinciding diverse motives .....	209
8.4.4	The impact of long-term institutional factors .....	215
8.4.5	From the 31 October Agreement to the Maastricht Social Protocol .....	216
8.4.6	Summary and concluding remarks .....	218
8.5	Implications of the Maastricht Social Protocol – “Euro-pessimistic” versus “Euro-optimistic” interpretations .....	219
8.5.1	Watershed or defeat of the social dimension? .....	219
8.5.2	The problem of legal ambiguity and political interpretation .....	220
8.5.3	The contested subsidiarity principle .....	223

8.5.4	Towards supranationalisation of social policy, or entrenchment of nation-state sovereignty? .....	224
8.5.5	Employer veto power, or a step towards European industrial relations? .....	227
8.5.6	Summary .....	229
<i>Endnotes Part III</i> .....		230

## **PART IV Post-Maastricht development of ETUC and social dialogue (1992–1997) ..... 241**

9	The ETUC strategy debate over European collective bargaining 1992–93 – a case study .....	243
9.1	Overview .....	243
9.2	National positioning and struggle over agenda-setting after Maastricht.....	244
9.3	The ETUC Luxembourg conference – a European dimension on collective bargaining after Maastricht .....	250
9.3.1	Setting the stage.....	250
9.3.2	The debate at the Luxembourg Conference: documentation.....	251
9.3.3	Main lessons.....	257
9.4	Deteriorating external conditions and growing internal tension .....	259
9.4.1	Community crisis and Social Dialogue Summit .....	259
9.4.2	Sketch of an ETUC strategy .....	261
9.5	National responses to the Secretariat proposal.....	264
9.5.1	Overview .....	264
9.5.2	Nordic responses .....	265
9.5.3	Italian and French reactions .....	269
9.5.4	British TUC response.....	270
9.5.5	German response .....	271
9.5.6	Belgian response .....	277
9.6	Stalemate, cleavage or compromise?.....	280
9.6.1	Stalemate .....	280
9.6.2	Towards cleavage? .....	282
9.6.3	A final proposal for ETUC strategy .....	286
9.6.4	The moment of truth? .....	288
9.6.5	Reconciling theory and practice .....	289
9.7	Lessons from the ETUC strategy debate – actor interpretations .....	292
9.7.1	Introduction.....	292
9.7.2	Italian interpretations .....	293
9.7.3	A French interpretation by Force Ouvriere (FO).....	296
9.7.4	A Dutch interpretation by the FNV .....	297
9.7.5	The interpretation of the British TUC .....	298
9.7.6	Interpretation of the ETUC Secretariat .....	301
9.8	Summary: Implications for ETUC integration and development of European collective bargaining .....	308
10	From theory to practice – social dialogue and European negotiations 1993–97 ....	311
10.1	Overview .....	311

10.2	Cross-sectoral social dialogue .....	311
10.2.1	Introduction.....	311
10.2.2	External policy setbacks .....	312
10.2.3	Putting in place the new institutional frameworks .....	314
10.2.4	The first test of the Social Protocol procedure – European Works Councils.....	319
10.2.5	The first European negotiations on parental leave .....	328
10.2.6	Negotiations on flexibility and part-time work .....	335
10.2.7	Social dialogue and employment – towards a mega-corporatist European confidence pact? .....	346
10.2.8	Dynamics and constraints of the central social dialogue .....	353
10.3	Development of social dialogue at the sectoral European level.....	360
10.3.1	Overview .....	360
10.3.2	Institutional frameworks .....	361
10.3.3	Post-Maastricht developments – some sectoral examples .....	362
10.3.4	Recent ETUC and Commission evaluations of sectoral social dialogue .....	369
10.3.5	Assessment and prospects for sectoral social dialogue.....	371
10.4	European Works Councils and social dialogue at Euro-company level .....	374
10.4.1	Introduction.....	374
10.4.2	Europeanisation of company strategies .....	375
10.4.3	The European Works Council directive, and voluntary information and consultation agreements.....	377
10.4.4	EWCs and the implications for Europeanisation of collective bargaining .....	381
<b>11</b>	<b>Development of an ETUC “bargaining order” (1995–96).....</b>	<b>392</b>
11.1	Introduction.....	392
11.2	Revision of the ETUC statutes .....	392
11.3	Operationalising the guidelines for European negotiations.....	395
11.3.1	The mandate issue.....	395
11.3.2	Conflicting views and interests .....	396
11.3.3	Accommodation of a compromise.....	398
11.4	Assessment .....	400
<b>12</b>	<b>Political and organisational development of ETUC since 1991 .....</b>	<b>403</b>
12.1	Introduction.....	403
12.2	Development in membership and organisation (1991–95) .....	403
12.3	The ETUC Congress 1995 .....	409
12.3.1	Introduction.....	409
12.3.2	Main issues and controversies .....	410
12.3.3	Assessment and implications of the ETUC 1995 Congress .....	414
12.4	Post-Congress developments .....	417
12.4.1	Political issues .....	417
12.4.2	Organisational growth and constraints .....	420
<b>13</b>	<b>The ETUC, social dialogue and industrial relations at European level 1992–97 – analytical review of Part IV .....</b>	<b>427</b>
13.1	Introduction.....	427
13.2	Review of the overall impact of the Maastricht Social Agreement (MSA) .....	428

13.3	Dynamics and constraints of ETUC integration .....	434
13.3.1	Overview .....	434
13.3.2	The ambiguous influence of Community integration .....	435
13.3.3	Institutional aspects of ETUC integration .....	437
13.3.4	ETUC development in the 1990s – summary and conclusions .....	449
13.4	Implications of the emerging regime of European industrial relations .....	453
13.4.1	Euro-corporatism, new governance or neo-voluntarism? .....	453
13.4.2	Withering of national industrial relations and trade unionism? .....	455
13.4.3	Europeanisation of collective bargaining? .....	459
13.4.5	Concluding remarks .....	461
13.5	Trade unions and the fledgling European state – a contested relationship .....	464
	<i>Endnotes Part IV</i> .....	474

## **Part V Summary and conclusions ..... 497**

14	Redrawing boundaries of solidarity? – review of empirical and analytical conclusions .....	498
14.1	The challenge.....	498
14.2	Analytical point of departure .....	499
14.3	Review of main empirical findings .....	503
14.3.1	Development of European social policy and industrial relations .....	503
14.3.2	ETUC integration and the Europeanisation of trade unions .....	508
14.4	Accounting for ETUC integration – review of analytical conclusions.....	518
14.4.1	The puzzle .....	518
14.4.2	External determinants of ETUC integration .....	518
14.4.3	Internal determinants of ETUC integration.....	521
14.4.4	Implications for integration theory .....	526
14.4.5	Union-building and state-building at European level – final remarks .....	528
	<i>Endnotes Part V</i> .....	529

## **Bibliography ..... 544**

## List of tables and figures

### Tables

Table 6.1	National Trade Union Confederations affiliated to ETUC 1983 .....	141
Table 6.2	European Industry Committees recognised by ETUC 1983.....	143
Table 6.3	National Trade Union Confederations affiliated to ETUC 1991 .....	157
Table 6.4	European Industry Committees recognised by ETUC 1991.....	160
Table 12.1	Development of total ETUC membership 1990-95.....	404
Table 12.2	Development of ETUC income from membership fee 1990-96 .....	408
Table 12.3	New ETUC member confederations 1996 .....	420

### Figures

Figure 2.1	Internal and external conditions of European interest organisations .....	22
Figure 6.1	ETUC Organogram by 1991 .....	168
Figure 10.1	Implementation of the Maastricht Social Agreement .....	317

## List of appendices

### Appendices

1. List of interview respondents and informants .....	531
2. The Protocol on Social Policy and the Appended Social Agreement adopted at Maastricht .....	535
3. Joint Opinions adopted by the cross-sectoral Social Partners .....	539
4. National trade union confederations affiliated to ETUC by 1 January 1995 .....	540
5. European Industry Committees affiliated to ETUC by 1 January 1995 .....	542

## List of abbreviations and acronyms

AEEU	Amalgamated Engineering Electrical Union
AFETT	Association For European Training of Workers in Technology
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
BDA	Bund der Deutschen Arbeitsgeber (Confederation of German Employers)
BDI	Bundesverband der Deutschen Industrie (Confederation of German Business and Industry Associations)
BIAC	Business and Industrial Advisory Committee (of the OECD)
CBI	Confederation of British Industry
CC-OO	Comisiones Obreras (Spain)
CEC	Confédération Européenne des Cadres (European Confederation of Cadres)
CECD	European Confederation of Retail Trade
CEEP	European Centre of Public Enterprise
CEFIC	European Chemical Industry Federation
CEMR	Council of European Municipalities and Regions
CEN	European Committee for Standardisation
CENELEC	European Committee for Electronic Standardisation
CESI	Confédération Européenne des Syndicats Indépendants
CGIL	Confederazione Generale Italiana del Lavoro (Italy)
CGT	Confédération Générale du Travail (France)
CIFE	Council of Industrial Federations in Europe
CISL	Confederazione Italiano Sindacati Lavoratori (Italy)
CLE	Comité de liaison des Employeurs
CMT	Confédération Mondiale du Travail
COGECA	General Committee of Agricultural Cooperation in Europe
COPA	Committee of Professional Agricultural Organisations in the EEC
COREPER	Committee of Permanent Representatives in the European Community
CSC	Confédération des Syndicats Chrétiens (Belgium)
DGB	Deutscher Gewerkschaftsbund (Germany)
DG V	Directorate-General V (division of the Commission responsible for employment, industrial relations and social affairs)
EC	European Community
ECB	European Central Bank
ECFTU	European Confederation of Free Trade Unions
ECF-IUF	European Council of Food, Catering and Allied Workers within the International Union of Food and Allied Workers Union
ECJ	European Court of Justice
ECOFIN	European Council of Finance Ministers



ECOSOC	Economic and Social Committee (of the European Community)
ECSC	European Coal and Steel Community
ECU	European Currency Unit
EEA	European Economic Area
EEC	European Economic Community
EEF	Engineering Employers Federation (England)
EFA	European Federation of Agricultural Workers' Unions in the Community
EFBWW	European Federation of Building and Woodworkers
EFCGU	European Federation of Chemical and General Workers' Unions
EFTA	European Free Trade Association
EFTA-TUC	EFTA Trade Union Confederation
EIC	European Industry Committee
EIF	European Industry Federation
EIRR	European Industrial Relations Review
EMCEF	European Mine, Chemical and Energy Workers' Federation
EMF	European Metalworkers' Federation
EMSU	European Medium and Small Business Union
EMU	Economic and Monetary Union
EO-WCL	European Organisation of the World Confederation of Labour
EP	European Parliament
EPSC	European Public Service Industry Committee
ERM	Exchange Rate Mechanism
ERO	European Regional Organisation of the ICFTU
ERT	European Round Table of Industrialists
ETUC	European Trade Union Confederation (CES in French, EGB in German and EFS or DEFS in Scandinavian)
ETUCO	European Trade Union College
ETUI	European Trade Union Institute
EURO	planned European currency
EUROCADRES	Council of European Professional and Managerial Staff
EUROCHAMBRES	Association of European Chambers of Commerce and Industry
EUROCOMMERCE	European Federation of Retailing and Distribution
EURO-FIET	European Regional Organisation of the International Federation of Commercial, Clerical, Professional and Technical Employees
EUROPMI	European Committee for Small and Medium-Sized Companies
EWC	European Works Councils
FAOS	Industrial Relations Research Group, University of Copenhagen
FAFO	Institute for Applied Social Science, Oslo
FEBIs	Federations of European Industrial Branches
FEWITA	Federation of European Wholesale and International Trade Association

FIEC	Federation of the European Construction Industry
FO-CGT	Force Ouvrière (France)
GATT	General Agreement on Tariffs and Trade
GEDIS	European Multiple Retailers' Associations
HOTREC	Confederation of the National Hotel and Restaurant Associations in the European Community
ICFTU	International Confederation of Free Trade Unions
IGC	Intergovernmental Conference
IG Metall	Industriegewerkschaft Metall (Metalworkers' Federation of Germany)
ILO	International Labour Organisation
IREC	Industrial Relations in the European Community
IRRU	Industrial Relations Research Unit, University of Warwick
ITSs	International Trade Secretariats
IULA	International Union of Local Authorities
LO	Landsorganisasjonen (Confederation of Trade Unions) (Dk, S, N)
MSA	Maastricht Social Agreement (appended to the Maastricht Social Protocol)
MSP	Maastricht Social Protocol (appended to the Treaty on European Union)
NFS	Council of Nordic Trade Unions
OECD	Organisation for Economic Co-operation and Development
PTTI	Postal, Telegraph and Telephone International
QMV	Qualified Majority Voting
SAP	Social Action Programme
SEA	Single European Act
SEPLIS	European Secretariat of the Liberal, Independent and Social Professions
SMEs	Small and Medium Sized Enterprises
TEU	Treaty on European Union
TNCs	Transnational Companies
TUAC	Trade Union Advisory Committee (of the OECD)
TUC	Trades Union Congress (Great Britain)
TUTB	European Trade Union Technical Bureau of Health and Safety
UEAPME	European Association of Craft, Small and Medium-Sized Enterprises
UK	United Kingdom
UN	United Nations
UNICE	Union of Industrial and Employers' Confederations of Europe
WCL	World Confederation of Labour
WEM	Western European Metal Trade Employers Organisation
WFTU	World Federation of Trade Unions
WTO	World Trade Organisation

## Preface

This study is a result of a long journey. After European integration had been virtually a non-issue in Norway since the traumatic and divisive struggle over EC membership in 1972, it slowly re-emerged on the agenda of trade unions in Norway from the mid-1980s. At that time, I was working as research coordinator at FAFO, a tiny research institute attached to the Norwegian Confederation of Trade Unions (LO). At a meeting of the FAFO Programme Committee 7 November 1988, I voiced the idea that FAFO, in cooperation with LO, should initiate a project on the implications which economic internationalisation and the emerging single market in Europe could have for trade unions. Despite some hesitation, owing to the politically contested nature of the issue, the idea was embraced by the union representatives, who stressed that unions definitely needed to know more about this topic. The chairman of the committee, Jan Balstad (LO), thus asked FAFO to prepare a project outline.

In that document,<sup>1</sup> which soon after was approved by the FAFO Board, it was stated that “not only the possibilities of individual countries for pursuing an independent economic policy, but also national trade union movements’ room for collective action would be affected by changes in the international political economy. How can unions exert influence and show solidarity in companies that are acting globally? (...) Irrespective of EC development, such questions will in the coming years confront trade unions with new challenges and new conflicting lines. Not least they will raise new and difficult demands for coordination of trade union policies across national borders”.

This became the start of a process of research and participation in trade union debates over Europeanisation that was to last for almost a decade, bringing me into contact with trade unionists and research fellows throughout Western Europe and even in the USA. Together with my close colleagues, Dag Olberg and Dag Stokland, the work commenced in the autumn of 1989 and the first booklet, entitled “Trade unions and Europe. Internationalisation and European integration – challenges for the union movement”, was published in the spring of 1990. During the following years I became involved in various FAFO projects on the issue of European integration (see chapter 3). In 1991 and 1994 we were asked to produce background reports for the LO debates on Norway’s relation to EEA and EU; these were presented at a wide range of union meetings. Thereby I got the opportunity to follow very closely processes of historic importance for the main unions in Norway – indeed a privileged experience for a social scientist.

Working with LO, I also came in contact with the European Trade Union Confederation (ETUC) and the work of the European Trade Union Institute (ETUI), where director Günther

<sup>1</sup> Document to the FAFO Board from the Programme Committee, 23.11.1988, Internasjonalisering – forslag til rammer for utvikling og organisering av et forskningsprogram ved FAFO (“Internationalisation – proposal of frameworks for development and organisation of a research programme at FAFO”), drafted by the author.

Köpke generously allowed me to stay as a visiting researcher in 1992–93. Beside a doctoral grant from the Research Council of Norway, this was facilitated by the kind support of the LO international secretary, Kaare Sandegren, who in the early 1970s had been a central actor in the foundation of ETUC. Thus, a room in the ETUI printshop – where the friendliness of Herve and Eric helped me through periods of gloom and doubt – became the base for my gradual exploration of European trade union networks in Brussels and several European countries. The stay at ETUI gave me unique opportunities to follow ETUC proceedings from the inside during the period when the Maastricht Social Protocol was to be put into practice and common union strategies for European negotiations were to be developed, also a privileged experience for a social scientist.

After I returned to FAFO in 1993, administrative duties and other projects meant that my fieldwork notes gathered dust, and my thesis became delayed. Then, in late 1994, the establishment of ARENA – Advanced Research on the Europeanisation of the Nation-State – gave me a new and welcome opportunity to finish the project. ARENA offered a grant and a research environment for studies of European integration even after the autumn 1994 referendum showed that Norway was not about to join the EU. Thanks to an invitation from the US Information Agency to study American industrial relations, in spring 1995, I had the good fortune to come in contact with Andrew Martin at the Harvard Center for European Studies who was also engaged in the study of trade union Europeanisation. This brought me into a process of trans-Atlantic research exchange, through which Andy became my main inspiration and mentor. During 1995–96 the work was further delayed, owing to my involvement in a comparative study of the Norwegian labour market model carried out by an international research group, organised by FAFO and financed by the Research Council of Norway. As project leader, together with my close colleague Arild H. Steen, I found myself spending considerable time and energy on editing the book “Making Solidarity Work? The Norwegian Labour Market Model in Transition”, published in early 1997 at Scandinavian University Press, Oslo. This pleasant experience of cross-national research cooperation allowed in-depth discussion with leading international scholars about the implications of internationalisation for national industrial relations in Europe, and was a valuable learning experience.

Thus, it turned out, the repeated delays and detours of the journey were in the end an advantage. First, because they allowed me to cover the evolution of ETUC and social dialogue through the entire period of Community integration, from the Intergovernmental Conference at Maastricht in 1991 to the 1997 Amsterdam Conference; second, because they generated “spill-overs” and complementary knowledge that was to prove invaluable when I finally set about winding up the loose threads. Eventually, as the meandering paths and conflicting engagements seemed to end up at a common destination, I realised that they had all been parts of a privileged journey of learning-by-doing that, with hindsight, has been worth all the effort and strain along the way. It has not only brought me to new countries and new social surroundings, it has given me the chance to get to know so many warm and generous people who have readily shared their insights, included me in their social life and patiently helped

me along in my work. Without their support, this journey would never have reached its destination.

In this perspective, I find it appropriate to emphasise that this study could hardly have been accomplished without FAFO's and my own close relations to the Norwegian trade unions. These relations were decisive for initiation of the projects from which the study evolved, well before the academic community in Norway discovered that 'Europe' was a matter of interest to social science. Beside providing access to empirical evidence and the social processes under study, the ongoing exchange of views, interpretations and comments with trade union actors and with employer representatives has represented an indispensable source of learning and insight. This thesis is thus a genuine product of long-lasting, close interaction with social actors and research users in a politically contested field of study. This has taught me that the distinction between applied and basic social research is less clear-cut and self-evident than is often assumed in current debates on the advancement of social science in Norway.

Unfortunately it is not possible here to mention all the people to whom I owe a debt of gratitude. This concerns all my colleagues in the research community engaged in the study of European industrial relations who kindly have shared their thoughts with me (see overview in chapter 3) and in particular the numerous people in European trade unions who trustingly have included me in their meetings and discussions, taken their spare time to answer all my requests and showed a genuine human interest in my work. They all deserve my warmest thanks.

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*Oslo, October 1997*

# PART I

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## INTRODUCTION AND ANALYTICAL PERSPECTIVES

Focusing on the institutional reforms of Community social policy decided at Maastricht, by many conceived as a watershed of European industrial relations, I analyse in this study the efforts of trade unions to develop common European structures and policies over the past decade. In chapter 1 I outline the challenges the renewed pace of European integration posed to trade unions from the mid-1980s and define the central research questions and structure of the study. Relevant theoretical perspectives, concepts and assumptions are introduced and the analytical framework of the study is presented in chapter 2. The empirical sources and methodological approach are described in chapter 3.

# 1 Introduction

## 1.1 Maastricht – a watershed of trade union Europeanisation?

On 31 October 1991, a surprising agreement between the peak European labour and employers' associations – the European Confederation of Trade Unions (ETUC), the European Centre of Public Enterprises (CEEP) and the Union of Industrial and Employers' Confederations of Europe (UNICE) – was signed, declaring their readiness to negotiate European collective agreements as an alternative to Community social policy legislation. Immediately forwarded to the Intergovernmental Conference on Treaty Reform at Maastricht, this agreement was almost literally incorporated in the Social Agreement appended to the Maastricht Social Protocol of the Treaty on European Union.

While the Maastricht Social Agreement (MSA)<sup>1</sup> allowed Great Britain to “opt-out” of Community social policy regulations, it provided for extended Community competences, qualified majority voting on a number of issues, and implied that collective bargaining had acquired treaty status as a possible means of Community labour market regulation. As noted by Mark Hall (1994: 306), “these are significant developments which should, on paper at least, facilitate the implementation of a more extensive, coherent, and effective EC industrial relations policy. Indeed, Maastricht has the potential to be a watershed in the evolution of the EC's social policy role”.

Considering the firm employer opposition against Europeanisation of industrial relations and the long-lasting British blockade of EC social policy, the Maastricht reforms were celebrated by the ETUC as a remarkable historical breakthrough. Not only had important obstacles to European labour market regulation been removed, the ETUC had apparently gained decisive influence on the constitutional process of EC treaty reform, widely assumed to be governed by strict intergovernmental bargaining, beyond the reach of social interest groups (Moravcsik 1991).

Late-night bargains struck at European Summits imply no guarantee that agreed reforms are transformed into living institutions, however. Uncertainty soon arose with respect to the impact of the Maastricht reforms. The British “opt-out”, the reinforced emphasis on “subsidiarity”, and the ambiguous interests of the employers, fuelled trade union doubts about the political will to exploit the new opportunities. Besides the legal puzzles of the text and the dual treaty base, the corporatist concept of negotiations “in the shadow of law” gave rise to political opposition. The enthusiasm of the ETUC Secretariat met with scepticism among member organisations and prominent scholars suggested that the Maastricht reforms implied a historic defeat of the Community social dimension (Streeck 1993: 6). Thus, a veritable interpretation battle evolved (Weiss 1992a).

Moreover, social policy was certainly not at the centre of the Maastricht agenda. The decision to create an Economic and Monetary Union implied profound changes in the conditions



of economic policy and collective bargaining in Europe. The Maastricht reforms therewith confronted European trade unions with a whole range of strategic dilemmas and complicated choices on how to respond. How could credible strategies for influencing employment policy and conduct collective bargaining be developed in the new economic-political context? What would be the most feasible way to achieve labour market regulations at the European level – legislation or negotiations? How could employers be induced to enter negotiations in good faith when the explicit aim of the employers was to dilute legal regulation? How could a feasible balance of power be established without rights of European industrial action? What would be the most appropriate level for conducting European negotiations? How could a proper mandating, accountability and organisation of European negotiations be assured, and what would be the consequences for national collective bargaining?

In consequence, for the ETUC the Maastricht reforms raised fundamental and contested questions about the future goals, means and forms of trade union integration at the European level. These issues accordingly define the theme of this study, in which I have chosen to use the processes that led to and followed from the Maastricht social policy compromise as a case for illuminating the broader dynamics and constraints of trade union Europeanisation. By analysing what happened, and why it happened the way it did, the aim is to provide a descriptive and explanatory account of ETUC development over the last decade. In order to understand the historical, economic, and political determinants that have shaped ETUC integration, a review of the broader trajectory of European integration and the evolution of ETUC is also provided. The empirical analysis is based on personal observation of ETUC proceedings during 1992–93 and interviews with key representatives of European trade unions and other institutional actors involved in Community social policy, pursued over the years from 1990 until today. In the subsequent part of this introduction, the quandary of cross-border labour solidarity and the challenge of European integration that faced trade unions from the mid-1980s are outlined, before the central analytical questions are specified and the structure of the thesis is presented.

## **1.2 European integration and the quandary of cross-border labour solidarity**

“I fear a downward spiral, driven by ruthless competition and economic nationalism, if we do not develop a European tariff-policy based on European framework agreements”. In this way the president of the German IG Metal, Klaus Zwickel, formulated the challenge which faced European trade unions at the threshold of the single market.<sup>2</sup> How could the threats of borderless competition be offset by the creation of transnational labour solidarity?

Since Karl Marx and Friedrich Engels some 150 years ago had urged workers of all countries to unite in the Communist Manifesto, the issue of international solidarity has been a source of inspiration and controversy in the labour movement. In practice, the build-up of

trade union movements has been closely related to processes of nation-state-building, leading to a diversity of national trade union institutions, cultures and identities.<sup>3</sup> The internationalist ethos has thus repeatedly been contrasted by division and rivalry along ideological and national lines.

Since the mid-1980s, economic globalisation and regional political integration have again placed the issue of cross-border labour co-operation at the centre of trade union debates. Faced with increasingly mobile capital and declining power of the nation-states, historical achievements of organised labour in the advanced industrialised countries seemed threatened by erosion.

Unlike other parts of the capitalist world, economic integration in Western Europe has been coupled with a long-term process of political integration under the auspices of the European Community. Not without scepticism, a majority of trade unions in Western Europe have supported the idea of European integration, based among other things on the expectation that economic integration would generate employment growth and the establishment of central political authority with the capacity to enact labour market regulation on a transnational basis. From the outset, however, the Community was attributed very feeble social policy competences, and during the first decades of EC integration extensive national regimes of economic governance, welfare policies and labour market regulation were established. Trade unions became increasingly entrenched in institutional structures of the nation-states and labour solidarity remained bordered, that is, it was restricted to the national workforce.

With the "relaunch" of Western European integration in the mid-1980s the picture changed profoundly. A radical project of supranational market-making, aimed at abolishing national barriers to flows of capital, goods, services and labour, became the centre-piece of European integration. This transfer of authority to regulate economic activity from the national to the European level was not matched by a corresponding transfer of authority to conduct social and labour market regulation with a European scope. As persisting national labour rights and collective bargaining would cover only pieces of the emerging unified market and business could more easily escape from less onerous national jurisdictions, the renewed trajectory of European integration was perceived as a profound challenge to trade unions.

To counteract employer divide – and rule tactics and to gain influence on economic and political decision-making in Community institutions, trade unions seemingly had no choice but to Europeanise their policies and strengthen their capacity for transnational action. The organisational obstacles to such an undertaking were considerable, however. In 1973, the European Trade Union Confederation (ETUC) had been established with a membership of seventeen national union confederations mainly from EC and EFTA countries. Attached to ETUC were also 10 European industry committees, representing national industry unions. ETUC rapidly grew in size and coverage, representing in 1983 39 national confederations with more than 40 million employees from 21 countries, but it suffered from a lack of horizontal and vertical integration (Visser and Ebbinghaus 1992: 217f). As a loose umbrella association run by a tiny Secretariat in Brussels, ETUC did not have the capacity to influence

affiliates' policies or mobilise industrial force, and mainly served as a lobby organisation vis-a-vis Community institutions. Great variation of member organisations' institutions, strength and ideology complicated development of common policies and organisation. Thus, in order to become an instrument of "borderless solidarity of labour in Europe", ETUC would need to "overcome the conundrum of cross-national diversity and to solve the quandary of supranational associability", according to Ebbinghaus and Visser (1994: 4).

As outlined above, the purpose of this thesis is to analyse how West European trade unions, under the auspices of ETUC, have responded to this challenge by efforts at strengthening institutions and policies of transnational union co-operation and labour market regulation at the European level.

### 1.3 The strategic dilemmas of European trade unions

Although trade unionism in Western Europe has exhibited great diversity, a common feature has been the dual locus of trade union policies: the market and the state. After harsh class-struggle during the inter-war period, the state evolved into a crucial "third party" of extensive class compromises throughout Western Europe in the post-war era. The trade unions' role as collective defender of workers' interests in the labour market became increasingly intertwined with their role as a collective political voice of labour vis-a-vis the nation-state.<sup>4</sup>

Faced with the project of European market-making and the restrictions on state intervention ingrained in the 1992 programme, both the industrial strength and the political capital of trade unions vested in the national state seemed threatened by erosion (Streeck 1991). Organised labour, especially in the high-cost European countries, feared that the capital exit option and intensified cross-border competition would encourage "social dumping" and "regime competition" (*ibid.*). Likewise, a reinforcement of the "dual shift" of industrial relations, associated with contemporary trends of decentralisation and transnationalisation of corporate governance, was expected (Martin and Ross 1995). Such dynamics were assumed to trigger downward competitive pressures on labour and social standards, likely to undermine national institutions of industrial relations and tilt the balance of power in favour of capital.

Trade unions thus became confronted with a multi-tiered, asymmetric European regime of governance, in which market integration was subject to supranational decision-making, while social and labour market policies largely remained the prerogative of the nation-states. Whereas capital and economic-political governance were Europeanised, the rights and means of trade union policies stopped at the national borders. While this "peculiar configuration of national sovereignty and market autonomy (...), separating market-making from state-building" (Streeck 1993: 4,5) urged a unified union response, it confronted European trade unions with profound strategic dilemmas. How were they to adjust to changes which implied that the locus of political and economic power shifted both upwards to the European level and downwards – and outwards to internationalised markets?

The task of developing "borderless" labour solidarity in the new European context has been compared with an alpine expedition into unknown terrain (Ebbinghaus and Visser 1994: 1). The challenges were formidable, the barriers seemingly insurmountable, the pathways hard to discover and the participants poorly prepared. Adding to this that solidaric labour agency evolves through conflictual interaction with capital and state interlocutors, the metaphor of soccer, more familiar to unions, illustrates the collective action problem ingrained in the new European challenge of trade unions (Dølvik 1997a):

"In soccer terms, the task of European labour in the late 1980s equalled that of a hastily cobbled together international team of players with highly different technical, physical and tactical skills, and no common language to communicate. Bringing with them a diversity of national cultures, identities and perceptions of the game as well as of playing style and positions in the team, they had no collectively accepted captain or manager to organise the players. Furthermore, the well-prepared opposing side, collected among the most fit players in the world, insisted on ten-doubling the pitch size and allowing rules of American football alongside soccer. The referee yet claimed no authority to judge or clarify the rules of the game, except that capital players were allowed to move freely all over the ground, while each labour player was obliged to stay within restricted individual parts of the field.

Thus, a dual game of substantial and constitutive struggle was to unfold. Labour had to develop superior collective skills in co-ordinating the movements, passes and timing of their stationary and separated players, while relying on the strength of each individual player to contain employer attacks in their domain of the field. Thus, the rationale of labour's collective and individual efforts would have to be (1) defensively to compensate for the superior mobility of the counterpart and aim for a draw, while (2) hoping to convince the opposing side and the referee that the unequal conditions over time would ruin the quality and attractiveness of the game and be detrimental to each side. A compromise on new and common rules, including equal labour rights of taking collective action all over the field, would be required to preserve and improve the quality of the game to the satisfaction of both sides and the public.

Despite some Latin star players and former British goal-getters were attracted by the opportunities of this international appearance and tried to cheer up the mates, the labour team seemed threatened by anomy and fragmentation. Several key players, frustrated by the new situation and longing back to the glory of the past as national champions, concentrated on their individual performance and efforts to get the ball out of their domain, while disengaging themselves from the construction of a feasible offensive play. The lack of team identification, common perceptions, language, leadership and opportunities to adjust tactics during the game aggravated the situation. In consequence, the common European framework affected the national players in different ways and did not cause a convergence of perceptions and strategies: On the contrary, it seemed to reinforce diversity and disunity."

In order to develop a common response and transform the rules of the game, the logic strategy of European trade unions was (1) to work for a rebalancing of the asymmetric mode of EC integration by developing a supranational regime of European employment policy and trade unionism coexistent with the market.<sup>5</sup> Such a shift of locus for trade union policies would presumably imply a relocation of trade union authority from the national to the European level and organisational integration across the national boundaries. Judging from the Single European Act (SEA), however, a transformation of trade union structures and policies of this kind seemed unlikely to benefit from a similar juncture of state-formation and creation of social citizenship at the European level, as the build-up of nation-wide trade union movements had done earlier in this century (Streeck and Schmitter 1992). On the contrary, owing

to the embeddedness of unions in national welfare states, the creation of a supranational mode of trade unionism seemed at odds with the heterogeneity of interests and traditions among national trade unions.

The alternative response of (2) clinging to the nation-state to defend whatever was left of political autonomy, in line with the legacy of trade union protectionism and indifference towards European integration, could, on the other hand, throw unions into a competitive spiral of "beggar your neighbour" policies (Altvater and Mahnkopf 1993). Such a development was likely to aggravate conflicts between stronger and weaker unions as well as between unions from high and low-cost countries, possibly reinforcing tendencies of trade union fragmentation and decline (Boyer 1990, 1994). Furthermore, without a co-ordinated European approach, trade unions would have bleak prospects of influencing the broader trajectory European integration, presumably encouraging competing union lobbying of EC institutions and conflicting efforts to exert influence via national governments (Röthig 1993, Greenwood et al. 1992).

Within the loose association of the ETUC, a wide range of conceptions of how to respond to the external changes were represented. Whereas most trade unions in the founding countries of the EC programmatically favoured a federalist Europe, the British unions had persistently fought EC membership and the Nordic unions were deeply sceptical of further EC integration. Hence, caught between the radical option of supra-nationalisation and the preservationist option of re-nationalisation, development of common European strategies was deemed to cause contention and ambiguity among ETUC member unions.

In order to conceptualise possible pathways of labour solidarity at the European level, trade unions had to sort out the available opportunities for gaining influence on (1) the evolving European "quasi"-state, by exploring political channels for influencing Community institutions and policies; and (2) the European employers, by exploring market-based sources of influence via collective bargaining and industrial action; given (3) the organisational capacities of the European trade union structures and the ability of national entities to mobilise resources and legitimacy to joint European efforts.

The opportunities did not seem encouraging, owing to the absence of a coherent European state authority, the weak Community competences in social issues, and the lack of proper employer interlocutors at the European level. The obstacles seemed formidable, owing to the heterogeneity of ETUC affiliates and the great economic and institutional diversity of industrial relations in the member-states causing a "regulatory conundrum" of EC social policy (Rhodes 1995). Thus, in most respects the task was qualitatively different from what unions had been undertaking nationally earlier in this century. Rather than building structures of trade unionism and industrial relations as outcomes of immediate class struggle, the evolution of European super-structures on top of existing national models amounted to a constructive political task, only remotely linked to the concerns of grass-root memberships (Turner 1995). Furthermore, whereas class conflict in internationalised capitalism was cross-cut by national, cultural, lingual and institutional cleavages, the emerging Euro-polity was

governed by a culture of diplomatic etiquette and Byzantine coalition-building, alien to trade unionists. Development of effective and credible forms of countervailing European trade union force would therefore not just imply a re-definition of collective identities and institutions of national unions. It seemed contingent on the ability of trade unions to induce constitution of adequate employer interlocutors at the European level and reform of the treaty basis of EC social policy – in essence no easy task.

Nevertheless, in a context where the decline of national union power appeared inevitable, internationalisation seemed imperative, and a new spirit of Euro-optimism was gaining ground; the struggle for a social dimension of the single market gradually became the unifying project of a protracted process of trade union Europeanisation within ETUC frameworks. The ETUC policy concentrated on (1) demands for European-wide labour market regulation by means of EC minimum legislation and establishment of legal frameworks for European collective bargaining; associated with (2) initiatives to strengthen ETUC authority, resources and institutions for transborder co-ordination of union policies.

The ETUC struggle to foster transnational labour solidarity in the new European context accentuated a number of strategic dilemmas and tension associated with (1) organisation of the interplay and division of labour, responsibilities, and power relations between national and European trade union agencies; (2) the choice between promotion of cross-border labour regulations by means of legislation through political channels versus collective bargaining with employers; and (3) the respective roles and interaction between the confederal, sectoral and company levels in developing industrial relations at the European level. In addition to the lack of proper employer and state interlocutors, the resolution of these strategic dilemmas of ETUC was complicated by the diversity of membership and the divided views on Community integration.

While trade union attention to European issues had been triggered by the single market project, the turning-point of trade union debates was associated with (1) the new visions of European unification after the fall of the Berlin Wall 1989; and (2) the anticipation of deepened political integration as a result of the Community treaty reform at Maastricht in 1991. Important also was the British trade unions' turn to a pro-integrationist stance in 1988 and that the likely inclusion of the EFTA countries into the single market (and possibly the EC) had prompted greater interest in ETUC policies among the Austrian, Swiss and Nordic unions. Suddenly, it seemed, the formerly divided unions of the EC, EFTA and the new Mediterranean member-states were becoming parts of a common reality within the new configuration of European integration. Furthermore, after 1989 a number of previously communist-oriented Southern unions became affiliated to the ETUC, together with new white collar unions, while unions from Central and Eastern Europe were knocking on the door. Altogether, these factors injected new impetus to union integration.

After years of limited progress, the kindling "Euro-optimism" culminated at the ETUC 1991 Congress. A strongly integrationist programme was adopted, based on ambitious objectives for transforming the ETUC into a real trade union confederation mandated to engage in polit-

ical exchange with EC authorities and collective agreements with employers at the European level. Heralding a shift towards supranationalisation of ETUC, expectations were fuelled by the unforeseen 31 October agreement 1991, eventually included in the Maastricht Social Agreement (MSA). Apparently, the way had been paved for a substantial Europeanisation of trade union policies. However, unforeseen external obstacles, internal constraints and conflicting perceptions among ETUC actors implied that the course of events should take a different form than the architects of the 1991 institutional reforms hoped it would. The questions how and why are the overriding subjects of the remaining parts of this study.

## 1.4 Scope and issues

As already mentioned, I have chosen to study the role of ETUC in the process leading up to, and following from, the Maastricht social policy reforms, as a case for illuminating central characteristics, obstacles and dynamics of European trade union integration (or Europeanisation) at the peak ETUC level over the last decade. The objective is to describe, assess and explain the observed process of union Europeanisation – what happened, the outcome, and why it happened the way it did? The focus of the study is on ETUC endeavours to develop a European system of industrial relations under the new institutional frameworks installed at Maastricht, and the associated efforts to reshape the mode of European trade union co-operation. When analysing these developments I use the concept of Europeanisation in a fairly broad sense. While the term is sometimes used to characterise “downstream” changes at the national level, caused by European regimes of governance (ARENA 1997), I mainly concentrate on “upstream” changes in the behaviour of national and European trade union actors, aimed at influencing developments at the European level. To account for the observed changes, the analysis traces ETUC developments over two Congress periods, 1988–91 and 1991–95, largely corresponding to two periods of major Community reform, the Single European Act (1987–91) and the Maastricht Treaty on European Union (TEU) (1991–97). The scope and issues of the study can be specified in the following way:

*(1) A descriptive account of changing patterns of trade union co-operation at the European level with a focus on the ETUC – what happened?*

To what extent and in which way has the altered configuration of European integration since the mid-1980s, and the Maastricht reforms in particular, been accompanied by a transformation of the aims, means and forms of trade union policies at the European level? What have been the most important changes and continuities of ETUC with respect to development of joint strategies, organisation, decision-making and institutional integration? To the extent that changes have occurred, what have been their main characteristics as regards competences, power relations, the division of labour and the interplay between (a) European and national trade union agencies; (b) legislative policies and collective bargaining strategies; (c)

the central, sectoral and company levels of European trade union policies? To what extent has the process implied a supranationalisation or a continuation of intergovernmentalist trade union co-operation?

*(2) Assessment of the outcome of ETUC efforts in view of the aim of developing a European system of industrial relations – what was achieved?*

A central objective of ETUC has been the establishment of a European level of industrial relations based on the regulation of labour markets by legislation and collective bargaining. When judging the results of ETUC efforts, I concentrate mainly on the institutional features and implications of European industrial relations, whereas I give less priority to the substantial consequences of the regulations (requiring a huge research project of its own). This priority reflects the assumption that the evolution of European level industrial relations has been in a formative, constitutional phase, in which strategic choices of institutional design are more consequential for the future working of the system than the actual content of specific regulations.

In scholarly discourse it has often been assumed that interest intermediation at the European level, owing to the opaque and segmented structure of Community political authority, is most likely to take on a pluralist pattern of fragmented, voluntarist interest representation, as opposed to the ETUC aim of developing an encompassing “Euro-corporatist” system.<sup>6</sup> A concern of the study is accordingly to shed light on the evolving mode of policy formation in the area of EC/EU social policy and employment regulation. To what extent does the observed pattern of interest representation and decision-making conform with the thesis of pluralism and voluntarism versus the ETUC vision of corporatist European policy formation?

*(3) An explanatory account of ETUC development – what have been the main driving forces and constraints of recent years’ Europeanisation of trade unions?*

*(3.1) What has been the role of changes in the European economic and political environment of trade unions?*

How have the efforts of trade union Europeanisation been influenced by external changes related to (a) single market integration; (b) political and institutional changes of the European Community; and (c) particular developments related to the social dimension of European integration? That is, to what extent has ETUC change been a response to structural change flowing from transnationalisation of markets and employer strategies; a response to shifts in the locus of political authority ingrained in the SEA and the Maastricht TEU; and to what extent has the Europeanisation of unions been triggered by changes in the opportunity structure of EC/EU social policy institutions and the Maastricht Social Protocol in particular?



*(3.2) What has been the role of changes in the national environment of trade unions?*

In what way has the Europeanisation of trade union policies been influenced by changes in the political capacity of the nation-states and the, often claimed, associated erosion of national means of trade union policies? How has the divergence of national industrial relations and trade union traditions influenced the perceptions and capacity of trade union integration at European level?

*(3.3) What has been the role of internal dynamics and constraints of European trade union organisations?*

In what way has the Europeanisation of unions been enhanced, constrained and shaped by inherited structures and patterns of trade union co-operation at the European level? A central concern of the study is hence to analyse how the interplay between (a) established institutions, legacies, actors and interests within the ETUC; (b) changes in the size, structure, perceptions and identities of the membership; and (c) deliberate efforts of organisational reform, has contributed to change or continuity of ETUC co-operation?

Furthermore, to what degree has the development of ETUC been marked by the rational pursuit of common and competing interests of the national member unions; by the diversity of ideologies, values and cultures of the membership; and by variations in the resources, capacities and power of the member unions? In an umbrella association with unsettled coalitions and authority relations, such as ETUC, I assume organisational change is especially dependent on leadership and the ability to foster legitimacy, identification and confidence around unifying ideas and visions. A central concern of the study is thus to analyse the internal rationale, mechanisms and obstacles of change in ETUC as a multi-tiered coalition of independent entities, when faced with major transformations in the environment. What kind of community is evolving and how is the possible collective action problem resolved?

*(3.4) How has European trade union integration been influenced by the interplay between external and internal forces and between European and national actors?*

A basic assumption of the study is that union actors, and hence the processes of union Europeanisation, are essentially shaped by the interplay between determinants from "above" (transnationalisation of capital and European regimes of governance), from "below" (changes in national systems of industrial relations), and from "within" (changes in national and European union organisation). The relative importance of these factors, I assume, is contingent, first, on the perceptions and interpretations of these changes by the ETUC affiliates; second, on their assessment of available resources, opportunities, and capacity of the ETUC to transform its modus operandi and influence European policies in response to the former; and third, on their actual will and capacity to engage in such an undertaking, in view of the possible implications such changes might have for the constituent entities themselves. In essence, from the point of view of ETUC affiliates, the potential benefits of different strategies for trade union Europeanisation will, it is assumed, be weighed against their potential costs,

for example in terms of loss of national autonomy, resources, and domestic membership support. Such judgements are, further, likely to be contingent on the external pressures from employer's and state interlocutors at both the national and European level.

In scholarly debate it has been suggested that trade unions have only sought new arenas of political influence at the European level when deemed necessary to compensate for losses at home (Lanzalaco 1992).<sup>7</sup> Thus, it has been expected that the propensity to support Europeanisation is inversely related to domestic union strength. On the other hand, it has been suggested that national approaches to Europeanisation of unions have basically been formed by divergent ideological perceptions of European integration (Gobin 1996) and devotions to domestic institutions (institutional nationalism) (Streeck and Schmitter 1992). A central issue of the study is thus the extent to which varying union perceptions of Europeanisation reflect (1) different calculations of national interests rooted in the domestic strength of unions; (2) different legacies of national industrial relations and trade unionism; and (3) different ideological and political approaches to European integration. Accordingly, it is interesting to distinguish between accounts that chiefly conceive trade union Europeanisation as an escape from domestic malaise and accounts that conceive it as driven primarily by a desire to extend union influence beyond the nation-state, suggesting that Europeanisation is a supplement to national policies rather than a substitute. In the terminology of integration theory, to what extent can trade union Europeanisation be explained by interests and push-factors originating from the national arena, in accordance with the intergovernmentalist interpretation (Moravcsik 1993), and to what extent is it shaped by interests and pull-factors rooted in the process of European integration itself, in accordance with neo-functionalist and institutionalist interpretations (Haas 1958, Pierson 1995)?

As a device by which to structure the study, I have chosen to relate the analysis to what I have labelled the "Euro-optimistic" and "Euro-pessimistic" views on Community social policy and the scope for Europeanisation of the trade unions. This idealtypic distinction refers to divergent substantive judgements of the conditions and prospects for Community social policy and union integration, but reflects partly also different theoretical approaches and (normative) assessments of the necessary prerequisites and need for Europeanisation of social policy and trade unions. While the "Euro-optimistic" approach is influenced by neo-functionalist and institutionalist interpretations, the "Euro-pessimistic" approach is more influenced by the intergovernmentalist interpretation and political-economy analysis of the structural determinants of EU policies (see chapter 2 for further elaboration). In consequence, the substantial question motivating this study has been whether the renewed trajectory of Community integration in recent years has encouraged increased integration of European trade unions, as implied by the "Euro-optimistic" view, or whether the asymmetry and constraints of this trajectory have inhibited trade union integration of any significance, as implied by the "Euro-pessimistic" view.<sup>8</sup>

## 1.5 Thesis structure

In order to account for the broader historical, economic and political dynamics influencing European trade union integration and Community social policy, I have, as suggested above, adopted a broad analytical approach.

In Part I, the central conceptual approaches, assumptions and analytical perspectives of the study are presented in chapter 2. The empirical sources and the methodological approach are described in chapter 3.

In Part II, the background to European integration and the challenges to trade unions are reviewed in chapter 4. Main emphasis is laid on the renewed trajectory of European integration since the mid-1980s, with a focus on the implications for unions of the single market regime, the concept of monetary integration adopted at Maastricht, and the evolving form of interest-intermediation and decision-making at the European level.

In Part III, the historical background and the evolution of Community social policy, organised actors and institutions of industrial relations at European level are reviewed. The development of EC social policy up until 1991 is analysed in chapter 5, the historical development of ETUC over the same period is analysed in chapter 6, and the evolution of European employers' associations and institutions of social dialogue is reviewed in chapter 7. Based on my own empirical work, the events that led to the crucial 31 October agreement and the Maastricht Social Agreement are analysed in chapter 8.

In Part IV, an empirical account of the development of ETUC and European social dialogue in the post-Maastricht period is provided. Based on participant observation of ETUC proceedings during 1992–93, the ETUC process of interpreting the new institutional frameworks and developing a common strategy for Europeanisation of collective bargaining is analysed in chapter 9. The efforts of European trade unions and other institutional European actors to put the new institutions of social dialogue and co-regulation of EU social policy into practice since 1993 are analysed in chapter 10, containing also brief analyses of developments at the sectoral and company levels. The process leading to establishment of an ETUC “bargaining order” is analysed in chapter 11, while the broader political and organisational development of ETUC since the 1991 Congress is reviewed in chapter 12. The impact of the Maastricht Social Agreement, the dynamics and constraints of ETUC development from 1992 to 1997, and the implications of these developments for the possible evolution of a European industrial relations system, are analysed in chapter 13.

A review of the main empirical findings and analytical conclusions of the study are presented in Part V, chapter 14.

## **2 Theoretical perspectives and analytical approach**

### **2.1 Entering new analytical terrain**

Studying the evolution of trade unionism at the European level is an adventure into unknown terrain of industrial relations. While ongoing economic integration challenges inherited forms of national political governance, the emerging European polity appears to be a moving target of a qualitatively different kind from its national predecessors.<sup>9</sup> Existing approaches to the study of trade unions have been historically contingent on the evolution of national industrial relations rooted in an implicit assumption of congruence between regulatory systems of employment and the nation-state. Thus, transnational processes of labour market transformation and efforts at creating supranational institutions of employment regulation are phenomena not easily understood by concepts fetched from the conventional stream of industrial relations research. The evolution of a multi-tiered European system of employment regulation and trade unionism therefore requires rethinking of analytical perspectives and a search for new concepts and mechanisms of industrial relations.

Since there is no unitary or commonly accepted theoretical perspective to build on, I adopt an open and explorative analytical approach. By providing an actor-oriented empirical account and relating the study to different conceptual approaches, the purpose is to illuminate the social mechanisms and structural conditions that influence the aims and choices of the collective actors involved in Europeanisation of the trade unions. Rather than trying to confirm or reject a specific theory, I am interested in how different aspects and sequences of social change (or stability) can be accounted for by combining and contrasting different theoretical approaches and interpretations. I hope thereby that the study will contribute to a more specific understanding of the forces and mechanisms that shape the interplay between European integration and trade union Europeanisation and generate questions for future research and theoretical reflection. In this section I present an overview of the concepts, assumptions and analytical perspectives that I consider particularly relevant, and sketch a simple analytical framework which will guide the subsequent analysis.

### **2.2 A multi-layered and contested field of study**

Studies of trade union integration at the European level have to answer questions associated with three closely interrelated analytical dimensions:

(1) Interpretation of the general dynamics and constraints of Community integration which constitute important economic, political and institutional ramifications for trade union efforts at Europeanisation. This issue, which is analysed in chapter 4, has for long been dominated

by two main streams of thought: neo-functionalist analysis (see Haas 1958) and intergovernmentalist analysis (see Moravcsik 1993). Though in recent years a number of alternative or complementary approaches have been suggested, such as institutionalist analysis, network analysis and political economy analysis.<sup>10</sup>

(2) Interpretation of the evolving European social policy, associated with the struggle over the social dimension of the single market (see chapters 5, 8 and 10). Even though this field of study has also been influenced by the general integration theories, studies of the EC/EU social policy regime (Teague 1989a, b) have been marked by more empirically grounded analyses, often combining insights from integration theory with concepts from national studies of interest representation, such as corporatism versus pluralism (Traxler and Schmitter 1994); political resource mobilisation (Martin and Ross 1995); new institutionalism (Pierson and Leibfried 1995a); political economy (Streeck 1993), and comparative industrial relations (Strøby Jensen et al. 1995). Reflecting both the complexity and the political embattledness of the issue, conflicting interpretations have been distinguished by different theoretical leanings and by disagreement over how to assess empirical developments. Advocates of "Euro-optimistic" and "Euro-pessimistic" interpretations have judged the relative influence of structural and functional pressures, intergovernmental bargains, institutional dynamics and political agency differently. However, the differentiation of views has been less marked by divergent conceptions of the kind of forces and mechanisms that are at work, than by divergent perceptions of their relative weight, strength and interaction.

(3) Interpretation of the evolution of transnational unionism and relations between organised labour and capital in Europe, associated with trade union aspirations to develop European collective bargaining (see chapter 6 and onwards). In principle, this can be conceived as an independent issue, since European unions and employers are faced with a growing interpenetration of markets, production and industrial relations across national boundaries regardless of EC/EU policies. In practice, however, the transnationalisation of industrial relations in Europe is intrinsically intertwined with the development of EC/EU social policy and the broader trajectory of European integration. This level of analysis has naturally been dominated by perspectives fetched from national and comparative studies of unionism and industrial relations.<sup>11</sup>

The reference to these three interrelated layers of analysis and the associated range of conceptual approaches applied in interpreting their dynamics and interplay indicates the complexity of the field of study. In order to reduce complexity I have chosen to structure the analytical discussion in a twofold way: First, the study is organised around an actor – and institution-oriented, chronological account of ETUC development, that is, the discussion of causal mechanisms and conceptual interpretations is integrated in the presentation of the story. Second, to structure the account and highlight the interrelations between different substantive and conceptual interpretations, the analysis is, as mentioned, related to two predominant and diverging views on the evolving EC/EU regime of social and labour market regulation, notably the "Euro-optimistic" and the "Euro-pessimistic" view.

### 2.3 The “Euro-optimistic” and “Euro-pessimistic” interpretations

The distinction between a “Euro-optimistic” and a “Euro-pessimistic” tendency of interpretation ought to be seen as an idealtypic construction, corresponding only tentatively to the variety of analysis of Community social policy and industrial relations. In view of the realist ethos of social science most scholars would probably refuse to be labelled as (naive) “optimists” or (destructive) “pessimists”. Nevertheless, I use this distinction as a helping device to identify the different lines of thought that tend to reflect different emphases as regards theoretical orientation, empirical interpretation and normative assessments of desirable/required forms of Europeanisation of social policy and trade unions.

In practice, the “Euro-optimist/pessimist” distinction has actually become part of social reality among European social actors and scholars, frequently used by the latter to define their respective positions.<sup>12</sup> The dominant approach of both ETUC and the Commission to development of the social dimension from the mid-1980s was marked by a strong “optimistic” credo, built on the assumption that economic integration would propel social policy integration. The corollary is that the division of views inside the ETUC has largely corresponded with the “Euro-optimistic” and “Euro-pessimistic” judgements of European integration and the conditions and prospects for trade union integration.<sup>13</sup>

Since no scholars have as yet explicitly defined themselves as “Euro-optimists”, this approach can best be defined negatively in relation to the distinct and consistently articulated “Euro-pessimistic” view of scholars like Streeck and Keller.<sup>14</sup> Many scholars have explicitly opposed the “Euro-pessimistic” analysis and suggested more positive assessments of the evolving social policy and trade unionism at European level in recent years,<sup>15</sup> implying that the scholarly debate has gravitated around this division. Very condensed, the two approaches can be summarised in the following way:

The “Euro-optimistic” line of interpretation has maintained that despite legal limitations and structural constraints, a long-term build-up of EC/EU institutions and extended competences in the field of social policy and employment regulation can be traced. This has been accompanied by the development of social dialogue which, despite employer resistance, has encouraged a gradual establishment of collective actors and institutionalised relations between organised labour and capital at the European level. Since the launch of the single market, the legacy and actor-constellation associated with promotion of the social dimension have gradually gained strength, culminating with the Maastricht Social Agreement. However incomplete, such institutional reforms have represented potentially important steps towards the establishment of a multi-tiered European regime of employment regulation, based on a “semi-corporatist” interplay between EU legislation and negotiations between the European social partners. Although different from national models of industrial relations, this has been assumed to encourage further Europeanisation of organised labour. While acknowledging the structural constraints, the basic mechanisms assumed to enhance Europeanisation of social policy and trade unionism have often been associated with neo-functionalist dynamics resulting from the process of market-making and political integration (Haas 1958); pathdependent developments resulting from previous policy commitments of EU actors and instances of European-level institution-building (Pierson 1995); and political action and resource mobilisation on the part of the social dimension-coalition (Ross 1994).

The “Euro-pessimistic” line of interpretation has emphasised that the predominant intergovernmental character of European integration and the constitutional bargains underlying the SEA and the Maastricht TEU

have created a peculiar configuration of supranational market-making and preservation of national social policy sovereignty (Streeck 1993). The decisive impact of intergovernmentalism and the neo-liberal European political economy has structurally precluded development of an effective supranational regime of social regulation and prevented any significant Europeanisation of trade unions. This has been supposed to have far-reaching negative effects on national political capacity and trade unions. By encouraging "regime competition", a spiral of deregulation and erosion of national unions and industrial relations has been set in motion, which by no means can be offset by the weak EC/EU social policy. The Maastricht Social Agreement has not altered this picture. On the contrary, by reinforcing the subsidiarity principle, providing employers strengthened veto-power and allowing the British "opt-out", the obstacles to EC social policy were supposedly further entrenched, implying that Maastricht was a decisive defeat for the social dimension and European trade unions. In this view, neo-functional spill-over, institutional dynamics, and political resource mobilisation on the part of the social dimension-coalition, cannot be expected to contribute to overcoming the fundamental structural obstacles to any significant Europeanisation of social policy and trade unionism.

Whereas "Euro-optimistic" analysts have expected that strengthened economic and political integration at Community level would encourage Europeanisation of social policy and unions, "Euro-pessimistic" analysts have argued that the project of supranational European state-building, required to develop a social Europe, has been decisively defeated (Streeck 1993, 1995a, b). In the latter view, the relaunch of Community integration has been fundamentally structured for the purpose of promoting international competitiveness of European capitalism by deregulation and market-making, while protecting the sovereignty of social and welfare policy, which during the post-war era has become a pivotal political instrument and source of legitimacy in the European nation-states. These factors preclude any significant integration of social policy and trade unions. The "Euro-optimistic" analysts have opposed what they have conceived as a structural-determinist bias of the "Euro-pessimistic" analysis, and emphasised the scope for political action, social choice and institutional change. A common feature of both tendencies has been a scepticism concerning the ability of the European trade unions to integrate, owing to the lack of a common European identity and culture. As often emphasised by one of the most pronounced "Euro-optimists", Otto Jacobi, trade unions have been wedded with national political orders and have been generally reluctant to engage in common European projects (Jacobi 1991, 1994).

However, whether or how the interplay between structural constraints and political action inhibits or enhances Europeanisation of social policy and trade unionism cannot be determined *a priori*. This is a matter of empirical analysis which constitutes the central preoccupation of this study. In the rest of this chapter I present some conceptual approaches and mechanisms that have been suggested as underpinning the expectation of trade union Europeanisation. Thus, while the "Euro-pessimistic" analysis and predictions can be viewed as a zero-scenario, these approaches can be viewed as possible hypotheses of why alternative scenarios may evolve.

## 2.4. Structural imperatives and the heritage of functionalism

As already mentioned, the controversy between “Euro-optimists” and “Euro-pessimists” has been associated with the functionalist expectations that historically have influenced debates over Community integration of social policy and trade unions. Two main sources of such expectations can be identified.

In historical analysis of national industrial relations, it has been assumed that, as national markets expanded, a basic *raison d'être* of trade union policy has been to centralise and operate nationally in order to “take wages out of competition” (Commons 1909). This conception has later been applied on the phenomenon of internationalisation, for example by Lloyd Ulman (1975) who, drawing on American experience, has argued that “within a given union organization co-ordination of wage and employment policy must be coextensive with the area of the market competition” (in Reder and Ulman 1993: 15). Similarly, Charles Levinson, the former secretary general of the International Federation of Chemical and General Workers Union, in the early 1970s argued that the imbalance between the advanced, transnational character of capital and the relative backwardness of the trade union movement would urge trade unions to “make the epochal bargaining leap from an exclusively national to an international position” (Levinson 1972: 107, cited in Knudsen 1997: 303). Accordingly, it has been assumed that to avoid organisational decline, it is imperative for unions to transnationalise their mode of organisation in pace with the unification of the European single market and the internationalisation of production, a view that has won increasing support in the European trade unions. Thus, the controversy between “Euro-optimists” and “Euro-pessimists” has less concerned the functional rationale for Europeanisation of trade union policies than the constraints and dynamics supposed to condition such a project.

A second historically important source of “Euro-optimistic” expectations has been the neo-functionalist tradition originating from the seminal works of Haas (1958). Attributing organised interests groups a key role in the development of supranational institutions by spill-over mechanisms from market integration to political integration, Haas assumed that integration would proceed as loyalties and expectations of national elites and pressure groups shifted towards a new centre and interests were redefined in terms of a regional rather than a purely national orientation (*ibid.*: 13, 16). More specifically, Haas argued that organised labour was more inclined to organise across national boundaries than business:

Once established, the common market inhibits rising worker benefits without generalising such policies throughout the ECSC-area, thus perforce necessitating an extension of supranational powers (*ibid.*: 238). Thus visions of labour harmony lead to a predisposition for integration (...), expansion of institutions and practices is demanded as a result of national tactics and needs (...), but the vision of a larger integrated economy is again dictated by labour ideology (*ibid.*: 239). It can be predicted that labour solidarity will compel an increasing measure of supranational unity among employers (...) and once they consent to bargain, they are compelled by the situation to agree on common terms among themselves (...). Freedom of organization and bargaining cannot but simply spill-over of labour solidarity into the ranks of employers (*ibid.*: 388).

The assumption that supranational social regulation would emerge as an almost necessary



systemic response to structural change of the political economy exerted considerable influence on European trade union debates in the early days of Community integration (see Gobin 1996). Also, in recent years the social policy approach of the European Commission and ETUC has been guided by expectations of this kind.

Proponents of the “Euro-pessimistic” view have made the “functionalist fallacy” of much “Euro-optimistic” analysis one of their fundamental objections against such interpretations (Streeck 1993: 18): “To justify interpretations of past and present social policies as intermediary steps toward a supranational European welfare state, institutional, economic, and political reason – all with a distinct functionalist flavor – are invoked to show that the Community’s social deficit need not, cannot, and will not remain”. According to Streeck, however, “what turned out to control events was, not a logic of functionalism, but a lack of political resources at the disposal of the welfare-state-cum-federal state-building project” (1993: 12).

The neo-functionalist origin of the controversy between “Euro-optimists” and “Euro-pessimists” has thus gradually been overshadowed by conflicting interpretations of the institutional and political dynamics supposed to influence EC/EU social and labour market policy. Proponents of “Euro-optimistic” interpretations have suggested that the complex determinants of political agency within the multi-layered, segmented, and sometimes relatively autonomous institutions of the European regime of governance, under certain circumstances, may provide the basis for strategic action, political resource mobilisation and deliberately constructed “spill-over” to gain headway.<sup>16</sup> Streeck, for his part, has argued that “there are neither institutional, nor economic nor political reasons for national governments promoting economic union to help European civil society build supranational political resources capable of remodeling the Community into an interventionist federal welfare state” (1993: 23).<sup>17</sup>

## **2.5 Political and institutional perspectives – organised interests, collective action and the fledgling European state**

An overriding analytical perspective on trade union Europeanisation can be found in macro-sociological accounts of the rise of social movements and collective action as historical responses to the emergence of the modern nation-state (Marks and McAdam 1996: 96).<sup>18</sup> The underlying theoretical premise of the “resource mobilisation” and “political process” approach is that:

“Shifts in the structure and geographical locus of institutionalized power can be expected to be accompanied by simultaneous changes in the structure and locus of mass politics.(...) to the extent that European integration results in the replacement or, more likely, the decline in the importance of the nation-state as the exclusive seat of formal political power, we can expect attendant changes in those forms of interest aggregation/articulation historically linked to the nation-state” (ibid.: 96).<sup>19</sup>

The analytical approach suggested by Marks and McAdam highlights important prerequisites

for understanding the driving forces and nature of recent efforts at trade union Europeanisation. With reference to modern social movements and interests groups, they argue that:

"The distinctions that we associate with these forms are inextricably linked to the historical rise and refinement of a *national* system of politics within which these distinctions were negotiated and subsequently institutionalized. So the generic labour union exists as a distinct form and coherent political entity only within the context of the nation-state. And if, indeed, institutionalized power is shifting away from the nation-state, then we would do well to relax the conceptual boundaries between these historically circumscribed forms. (...) neither do the rigid distinctions between interest groups and social movements mean much in the context of the EU. All stand in much the same relationship to the integration *process*. They share the status of 'challenging groups' which hope to contest and shape the emerging institutions and philosophy of the EU" (ibid.: 96-7).

In contrast to the top-down, state-centric view of the process linking shifts in the locus and nature of collective action to modern state-building, Marks and McAdam argue that "(...) it makes sense to conceive both civil society and the modern polity as the outcome of a prolonged, contested, and above all, mutually interactive process of political restructuring. In our view, then, the modern, democratic state was as much an outcome as the architect of this emergent process" (ibid.: 98). Using the evolution of national trade unionism as example, they contend that:

"It is clear that the causal arrows from union-building to state-building go in both directions. As trade unions were creating peak organizations better to influence authoritative decision-making, so they sought to extend the reach of the state. (...) the legitimating account of the modern, democratic state is nothing if not a product of popular contestation" (ibid.: 98).

Correspondingly, Marks and McAdam suggest that a similar interpretation can be applied on European events: "There, under the aegis of European integration, a new 'multilevel polity' would appear to be emerging in response to precisely the mix of top-down institution-building and bottom-up contestation described above." (ibid.: 99).

This conceptualisation represents, in my view, a sound demarcation against static perceptions of the Euro-polity and its relations to organised interests, often associated with tendencies to compare specific characteristics of EU regimes of governance at a given point in their evolution with the "end-state" of national processes of democratic state-building. Analyses which treat the Euro-polity as a finally given phenomenon and interpret the opportunities of collective actors to influence its development as determined by its current structure, run the risk of overlooking the two-way interaction between Europeanisation of organised interests and the shaping of the Euro-polity. As at the national level a century ago, one cannot apriori rule out that the seemingly entrenched structures and legacies determining European policy-making can be influenced by contestation and political mobilisation of "challenging groups" in the future. Conversely, the conceptualisation of Marks and McAdam represents a useful reminder that the (historically contingent) specific form of trade union interest articulation known from nation-state experience is not necessarily an appropriate reference model for the kind of trade union policy-formation and organisation that is evolving in the very different

Euro-polity. Just as the emergence of the modern nation-state had implications for the locus of and forms of collective action, "so too does integration create new constraints and opportunities for European social movements", according to Marks and McAdam (*ibid.*: 99).

Even though the impact of the EU on various "challenging groups" has to date been highly variable, owing to the variation of institution-building across policy-areas of the EU, Marks and McAdam suggest one can discern two general factors that shape the unique mix of constraints and opportunities available to any given (interest) group:

"(1) the relative structural access a group has to EU institutions; and (2) the general policy receptivity of the Union – particularly the Commission – to issues salient to the group. Together, these two factors serve to specify for any given group its structure of 'EU-level political opportunities'" (*ibid.*: 103).

Similarly, scholars like Traxler and Schmitter (1994) and Kohler-Koch (1996) have argued that the "logic of influence" implies that interest groups aspiring to influence decision-making in the EC/EU will have to adjust to the segmented, multi-layered and complex "target structure" of competences and authority at European level. Rather than inducing inclusive, hierarchical corporatist modes of interest organisation, the "opportunity structure" of the Euro-polity therefore tends to enhance very differentiated networks and institutions of interest articulation: "This lack of a coherent Euro-polity tends to shape the corresponding system of Euro-interest intermediation in a distinctively pluralist direction" (Traxler and Schmitter 1994: 12). However, the variation between different areas of EC/EU policy does not rule out development of "islands" of Euro-corporatism in specific sectors (*ibid.*: 13).<sup>20</sup> Accordingly, a concern of this study is whether the area of EC/EU social policy and industrial relations is evolving in direction of becoming such an "island of Euro-corporatism".

The political impact of the EU on any given group is, indeed, not solely a function of European level structures or attitudes, which merely define a new external environment for a group. How successful a group is in adapting to and interacting with this environment is, according to Marks and McAdam,

"more a function of its internal characteristics. Of particular relevance here is the way inherited institutions and ideologies may constrain a group's ability to exploit whatever EU-level opportunities are available. That is, the link between political opportunity and movement response is not at all reflexive" (Marks and McAdam 1996: 103).<sup>21</sup>

Of particular relevance for my study of trade union Europeanisation is the assumption that "to the extent (...) a movement is wedded to the existing political order, i.e. is oriented to a national system of law, a national system of membership incentives or belief structures, etc., so we would expect to find powerful sources of resistance to institutional adaptation" (Krashner 1988, cited in Marks and McAdam 1996: 103). As underscored by Traxler and Schmitter (1994), at the European level the "logic of membership" tends to magnify the challenges to organised groups with respect to internal interest aggregation and the reconciliation of legitimacy and effectiveness in influencing EU interlocutors. In their view, the compli-

cated accommodation between the “logic of influence” and “the logic of membership” at the European level accentuates the question of whether European business and labour differ structurally in their organisability.<sup>22</sup>

To sum up, the approach of Marks and McAdam (ibid.: 103 f.) implies that the overall impact of integration on any given group or movement is shaped by two sets of factors – EU opportunities and organisational constraints. Corresponding closely to my own basic understanding of the dynamics and difficulties of trade union Europeanisation (see Dølvik 1996c), this conceptual framework can be presented in a two-by-two diagram.

*Figure 2.1 Internal and external conditions of European interest organisations  
(Combined sources: Marks and McAdam 1996: 104, Traxler and Schmitter 1994).*

		Internal constraints (Logic of membership)	
		High	Low
EU opportunities (Logic of influence)	High	(a)	(b)
	Low	(c)	(d)

An interesting empirical question is hence where trade unions are to be located. While the internal constraints can be assumed to be high, it is more unclear how the political “opportunity structure” of trade unions should be assessed. Most plausibly the opportunities vary between different policy areas – expectedly being higher in the social policy area than in the economic policy area – leaving open the question how unions judge their options.

As indicated in the referred assumption that a dominant rationale of trade unions has been to respond to changes in the extension of the markets, trade unions are often perceived as market-based collective actors, adjusting defensively to shifts in market structure and employer behaviour. The approach of Marks and McAdam, pertinently draws attention to the central political dimension of trade union history:

“Unions came to pursue a dual strategy, pressing their demands for improvements in wages, working conditions and welfare in politics as well as directly in the labour market. (...) Not only did unions respond to the development of the modern nation-state by nationalizing their own organization, but they were also key actors in creating the state by campaigning for political inclusion, welfare reforms and state intervention in the economy” (ibid.: 105).

Similarly, Richard Hyman has emphasised that “the idea of a system of industrial relations largely autonomous from broader politico-economic action makes little sense” (1996b: 3).

More properly, the construction of an industrial relations system can be viewed "as the dual conditioning of (...) market regulation of the employment relationship, by law and other forms of state intervention on the one hand, collective organisation and action among workers (and less crucially, employers) on the other" (Hyman 1996b: 4).

In this perspective, the tendency among scholars to identify Europeanisation of industrial relations with market regulation through independent collective bargaining reflects an overly narrow concept of the societal role of trade unions. As noted by Hyman, while trade unionism in Britain and the United States was marked by the principles of economic liberalism, entailing a sharp separation between state and civil society, "unions elsewhere – often because less confident in their own economic capacity, or more influenced by socialist ideals of solidaristic working-class interests – gave greater priority to political pressure on the state itself to regulate capital-labour relations" (ibid.: 5).

Both in scholarly discourse and in trade union debates the notion of a European system of industrial relations has been contested. It has frequently been assumed that Europeanisation would imply centralisation of collective bargaining from the national to the European level (strongly recommended by some, utterly rejected by others), presuming a European state "third party" as an indispensable prerequisite. Further, the establishment of European collective bargaining has often been conceived as a benchmark of whether it is meaningful to speak of a European level of industrial relations or not. In accordance with the broader notion of trade unionism and industrial relations sketched above, however, the discussion of whether a genuine European level of industrial relations and trade unionism is in the making cannot be delimited to a discussion of whether autonomous collective bargaining of the kind familiar to the peak era of the postwar national welfare states is established.

The kind of social dialogue and lobby-oriented trade unionism that has marked developments at European level in the past has distinguished itself significantly from national precedents. Rather than looking for mirrors of national patterns of trade unionism, the interesting question, in my view, is the kind of forces and mechanisms that are shaping the process of Europeanisation, and what the implications might be for the future trajectory of European-level industrial relations. With respect to the distinctness of the European social policy regime and pattern of interest representation, recent "Euro-pessimistic" contributions seem to converge with "Euro-optimistic" analysis, as illustrated by the following statement: "Once it is recognised that the political and economic regime that is developing in Western Europe, whatever it may be, is a new kind of animal that is altogether different from the national state, especially in its relation to the economy, the problem in analysing European social policy changes from how empty or full the glass is, to what kind of glass we are dealing with and what purposes it may serve" (Streeck 1995a: 32). With such a point of departure it would hardly be surprising if trade unionism at European level were to take on other forms than assumed by perceptions of European integration as a replication of national experiences written large.

Such tendencies can, according to the *historical institutionalist* analysis of EC/EU social

policy, expectedly be reinforced by path-dependent dynamics of European integration (Pierson 1995).<sup>23</sup> Criticising the intergovernmentalist interpretation of EU social policy, Pierson argues that the “ubiquity of unintended consequences” and processes that “lock in” past decisions make reassertions of member-state authority difficult:

“Examination of the evolution of EC social policy suggests the limitations of treating the EC as an instrumental ‘instrument’ facilitating collective action among sovereign states. It is more useful to view integration as a pathdependent process that has produced a fragmented but still discernible multi-tiered European polity (ibid.: i). (...) Recent research on institutional evolution and path dependence has challenged the expectation that institutions can be understood as embodying the long-term interests of those responsible for institution design. Among the factors likely to create considerable ‘gaps’ between the direct goals of institutional creators and long-term institutional effects are the restricted time horizon of political decision-makers, the large potential for unintended consequences, the ways in which cumulative institutional restrictions constrain decision-makers when their policy preferences change, and the rising costs of exit resulting from micro-level adaptations and commitments to newly-established institutional arrangements” (Pierson 1995: 11).

Thus, even though member-state actors may be in a strong initial position and seek to maximise their interests, they may “nevertheless carry out institutional reforms that fundamentally transform their own positions (or those of their successors) in ways that are unanticipated and/or undesired” (ibid.: 6). Accordingly, the institutionalist approach explicitly challenges the assumption that the control of sovereignty-protecting member-states precludes integration and effective influence by supranational actors and organised European groups on EU social policy. By-products of past decisions tend to provide institutional “slack (which) creates room for autonomous action by supranational actors, which may in turn produce political resources that make them more significant players in the next round of decision-making” (ibid.: 25).<sup>24</sup> Despite a critical view of functionalist explanations and the concept of spill-over, “an historical institutionalist account suggests that unintended consequences, including spill-over, are likely to be significant for institutional development” (ibid.: 20). Unanticipated consequences and feedback loops are considered of great importance, but they do not lead in any particular direction:

“‘Pressures’ alone do not create policies. They may, however, focus the attention of those actors who do produce policies, as well as altering the balance of influence among actors. Thus ‘functional’ spillover can generate ‘political’ spillover” (Pierson 1995: 21).

According to Pierson, such mechanisms have been significant in providing spill-overs from the single market project to EC/EU social policy (ibid.: 33), implying that “even though social policy is widely seen as an area of firm member-state control with a minimal EC role, a historical perspective highlights the growing significance of European policy, the influence of actors other than member-states, and the mounting constraints on member-state initiative” (ibid.: 34).<sup>25</sup>

A more *actor-oriented* approach to the study of trade union Europeanisation, influenced by resource mobilisation theory, has been suggested by Martin and Ross (1995).<sup>26</sup> In their view, impetus to European trade union integration has been flowing only partially from func-

tionalist spillover and for the most part they "have been produced by political work by actors in the European system, the European Commission in the first instance" (ibid.: 3). Attributing the Delors Commission a strategic orchestrating role, they suggest the Commission "had its own interests in involving both labor and capital more deeply in European social integration" (ibid.: 4). Rooted in a Commission conception that better social foundations for a "European model of society" were needed to rebalance the dominating logic of market-making, promotion of policies that would make the "social partners" more committed to integration was a way of garnering new political support for the Commission which might then be used to influence a European political system with strong tendencies towards intergovernmentalism. This was also seen as a way to nurture the establishment of a genuine mass political culture with transnational actors with stakes in European outcomes, without which there could be no remedy for Europe's "democratic deficit" (ibid.: 5). According to Martin and Ross, the Commission could expect some spillover impulses in the area of social and industrial relations to flow from the Single Market, but "the Europeanisation of such matters would have to come primarily from the Commission's own proactive efforts at European level to cajole and seduce reluctant member-states and the 'social partners' to co-operate (...). What happened, in fact was the development, through trial and error, of a Commission strategy to create 'path dependent' matrices of choice to move the social partners towards such Commission goals" (ibid.: 5), in line with the Commission concept of a "Russian Doll" strategy (ibid.: 10).<sup>27</sup>

The potential significance of political resource mobilisation has also been emphasised by Rhodes (1992, 1995):

"In order to understand fully the regulatory problems in this domain, the existence of a deep-seated conflict must be appreciated. From the very beginning, any attempt by the European Commission to set an agenda for the harmonization or approximation of rules and regulations, or to promote supranational decision-making, has provoked a two-way conceptual clash: between the competing philosophies of collectivism and liberalism in labor market regulation, and between solidarity and subsidiarity in the framing of Community policies" (1995: 83-4).

These clashes have been associated with the struggle between the advocates of "Euro-corporatism", on the one hand, and the advocates of "Euro-liberalism", on the other (Rhodes 1992: 28). While key actors of the latter coalition have been the British government, European employers and multinational companies, key actors of the former coalition have been the Commission, a number of member-states, and European organised labour (ibid.: 35). Despite the constitutional constraints, the regulatory conundrum of EU social policy, and a political balance of power unfavourable to the "Euro-corporatist" coalition, Rhodes suggests that "important progress has been made" providing basis for both "optimistic" and "pessimistic" scenarios, contingent on political developments at European level (Rhodes 1995: 120-2).

While "theories of industrial relations have so far paid scant attention to the internationalisation of trade unions" (Strøby Jensen et al. 1992, 1995: 5), representatives of the Danish FAOS group have tried to apply an explicit *industrial relations perspective* on the Europeanisation of employment regulation and trade unionism. In their view, two different perspec-

tives have dominated analysis of trade unionism: (1) the British tradition of industrial relations studies, which predominantly has focused on trade unions' role in collective bargaining and how collective bargaining systems have been established (Clegg 1976, Sisson 1987); (2) the theory of industrial relations systems developed by Dunlop (1958), which perceives collective bargaining as just one of many relationships which trade unions pursue with other actors in the field of industrial relations. According to the latter,

"an industrial-relations system is comprised of three groups of actors - workers and their organisations, managers and their organisations, and governmental agencies concerned with the work place and work community. These groups interact within a specified environment comprised of three interrelated contexts: the technology, the market or budgetary constraints and the power relations in the larger community of actors. An industrial relations system creates an ideology or a common shared body of ideas and beliefs regarding the interaction and roles of the actors which helps to bind the system together" (Dunlop 1958: 383).

In the view of FAOS, the systemic approach of Dunlop is especially pertinent for understanding the broader societal dynamics assumed to condition the evolution of a European system of industrial relations and trade unionism, notably the importance of institutional power resources and political agency (Strøby Jensen et al. 1995: 7). On the other hand, the assumption of the British tradition of industrial relations that "power within the trade unions is concentrated on the level where collective bargaining is conducted (and that) main influences on the levels of bargaining are the structure of the management and the authority of employers' organisations" (Clegg 1976: 41),<sup>28</sup> is viewed especially relevant for analysing the possible evolution and implications of European collective bargaining for trade union integration (Strøby Jensen et al. 1995: 6). Since the employer side at European level has traditionally been weakly organised and reluctant to engage in anything resembling European collective bargaining, the likelihood that European trade union organisations with real power should evolve is from this perspective low. This especially because European trade unions have lacked the capacity to mobilise industrial power and member organisations have been sceptical of European collective bargaining, which according to the theory would imply a shift of union power away from the national level.

In this perspective, recent efforts to transform European social dialogue into collective bargaining represent an interesting case for studying similarities and differences between the constituting dynamics of industrial relations and trade unionism at the European and the national level. Although the FAOS group suggests that the evolution of industrial relations at the European level will concur more with Dunlop's emphasis on political dynamics, than with the British concept of collective bargaining as driving force, an assumed precondition for the build-up of union strength at European level is that trade unions develop the capacity to underpin their potential political and institutional influence by conflictual industrial power (ibid.: 17).

Another central insight from comparative industrial relations studies is that the basic characteristics of industrial relations systems have been decisively shaped by strategic choices and instances of institution-building during the early formative phases of their evolution.<sup>29</sup> Even



though such “strategic phases of institution-building” (Poole 1984: 89) have emerged as a result of historically contingent collective choices and compromises (Sisson 1987: 10f, 191), they have tended to turn into “sets of givens”, structuring future patterns of collective action (Due et al. 1994: 27) as well as “attitudes and habits (...) not easily changed except at times of great crisis” (Sisson 1987: 191). Recalling also the emphasis of Dunlop (1958: 383) that industrial relations systems have tended to foster “a common shared body of ideas and beliefs regarding the interaction and roles of the actors which helps to bind together the system”, these insights indicate a twofold implication for the study of union Europeanisation: (1) The recent efforts of institution-building, installation of legal frameworks, and establishment of actors (and relationships between them) may well attain a constitutional long-term impact on the future development of European industrial relations and trade unionism. (2) National trade unions (and employers organisations) can mainly be expected to consent to forms of Europeanisation that do not seriously affect the basic functioning of their national (belief) systems of industrial relations, unless the latter are conceived to be in such a deep crisis that radical change appears urgent or unavoidable. This indicates that the diverse situations of trade unions in Europe will represent major obstacles to the fostering of shared perceptions of the need for and appropriate forms of trade union Europeanisation.

Despite my doubts about the adequacy of analysing European trade unionism through the lenses of national industrial relations, FAOS' incorporation of insights from comparative industrial relations into the study of Europeanisation, in my view, provides a fruitful source of conceptualising central distinctions of the emergent European system of industrial relations. Besides generating interesting questions concerning the differences and interdependencies between national and European processes, the industrial relations approach to a large extent conforms with the understandings and interpretations of many trade union actors. As already mentioned, the Europeanisation of trade unions has been influenced by tension between actors guided by political-ideological aims of European integration (“Euro-idealists”), on the one hand, and actors anchored in the legacy of national industrial relations (“Euro-pragmatists”), on the other (Gobin 1996: 787–90). As suggested by Richard Hyman, “the creation of a European industrial relations system is no mere intellectual dream, but rather a necessary foundation for a future Europe with which the peoples of this continent can identify” (1995a: 10). A central question of this study is accordingly whether European trade unions are capable of developing a workable synthesis of European visions and pragmatic realism, or whether this dualism is more likely to tear them apart.

## **2.6 Implications for the analytical approach of this study**

### **2.6.1 Conceptual framework**

As shown, the study of European trade unionism and industrial relations is marked by a variety of conceptual perspectives and analytical assumptions. In my view, they should be

conceived as indications of broad analytical orientations rather than as consistent and mutually excluding sets of theoretical assumptions and hypotheses. Despite the fact that different theoretical leanings and empirical expectations have been identified, this situation invites, as mentioned, an open and explorative analytical approach. Rather than engaging in attempts to defeat or defend particular theoretical propositions, I find it more fruitful and interesting to try to contribute to the establishment of a better informed and more specified understanding of how different social mechanisms, structures, and actors at different levels interact in the shaping of trade unionism and industrial relations at the European level. As emphasized by Richard Hyman:

"In (re)inventing Europe, scholars need to learn from each other. As well as bridging the geographical divisions within intellectual life, this also means openness to cross-disciplinary advances of mutual understanding. (...) Today it is evident that the issue of industrial relations are embedded in national – and more crucially, transnational – structural dynamics; and that they are likewise conditioned by the complex evolution of procedures and relations at the point of production. Analysis has to link the macro, meso and micro dimensions of a changing world of work and employment. An *integrated* perspective which encompasses structures, actors and practices (...) is essential." (1995b: 42f).

In addition to the analytical predispositions reflected in the choice of perspectives referred to above, some further clarification of my own analytical assumptions and perspectives is required. Inspired by the approach of Marks and McAdam (1996), a very simple analytical framework for interpretation of my account is outlined below (see also Dølvik 1996c). Focusing on the interplay between different actors of the European trade unions, institutions of the European Community, and the associations of European employers, I assume the process of trade union Europeanisation can be accounted for by the interaction between the following factors:

- (1) "*The challenge*" – European economic and political integration put structural and functional pressure on trade unions to strengthen their European-level organisation in order to regain influence on decisions of strategic importance to labour, reflecting the shifting "target structure" of European trade unions.
- (2) "*The hurdles*" – the asymmetric regime of European integration, marked by supranational market-making and weak competence in labour issues, employer reluctance, together with economic disparities and institutional diversity of the member-states, erect structural barriers to the Europeanisation of unions.
- (3) "*The opportunities*" – the evolving configuration of political actors, authorities and institution-building associated with the social dimension, encourages and shapes the Europeanisation of trade unions, in line with the "logic of influence", in the direction of political agency rather than of European collective bargaining.
- (4) "*The organisational capacities*" – as the development of trade union power-resources and action capacity at European level is constrained by the diversity of interests and institutions among ETUC affiliates, in line with "the logic of membership", factors like leadership and the capacity to overcome inherited cleavages and develop shared visions, identification and mutual learning are critical for the development of common strategies of trade union integration.

The analytical scheme reflects the expectation that the fundamental reason for trade union Europeanisation is found in the “challenge” of European economic and political integration. In line with the “Euro-pessimist” analysis, I assume that the EU blend of supranationally governed economic integration and protection of national sovereignty in social policy represent significant “hurdles” to such efforts. The incentives for trade unions to engage in Europeanisation, I assume, are influenced by interplay between the particular structure of opportunities related to the social dimension and the structural bias of the broader trajectory of European integration. The capacity and will of trade unions to exploit the possible opportunities and overcome the hurdles, I assume are contingent on the institutional characteristics, leadership, cohesion and diversity of European trade unions. How these factors interact and contribute to change and/or continuity of past patterns of trade union co-operation is hence the central question to be examined in the study.

### **2.6.2 Institution-building and the duality of structure and agency**

A central issue of the study, reflected in the controversy between “Euro-optimists” and “Euro-pessimists”, is thus the “perennial disjuncture between social action and social structure” in social science (Hyman 1994a: 3). In the discourse of industrial relations, the contested relationship between structure and action in recent years has been accentuated by propositions of the French *régulation* theory, which, very simplified, has suggested that historically contingent and distinctive “regimes of accumulation” engender complementary institutional arrangements, including industrial relations, that is, a distinct “mode of regulation” (see e.g. Lipietz 1985, Boyer 1988). The former has accordingly suggested that the Europeanisation of production urges establishment of a European mode of regulation of social policy and industrial relations (Lipietz 1990).

With reference to the supposed strong economic dynamic of convergence, alongside the persistent diversity of regulatory employment systems in Europe, Ferner and Hyman (1992: xix) have challenged the assumption of a mechanistic linking between the “mode of regulation” and the structural requirements of the “regime of accumulation” (often exemplified by the claimed shift from “Fordism” to “Post-Fordism”). The issue has further been accentuated by debates over the impact of globalisation and the single market on national actors and institutions of industrial relations (see section 4.3.4). Addressing the “Euro-pessimistic” scenario of Streeck that “the inevitability of the eclipse of even robust models of industrial relations is inescapable” in Europe, owing to the pervasive logic of “regime competition”, Hyman has suggested that “structural determinism entails the interplay of contradictory forces: ‘strategic choice’ exists, not because of the absence or weakness of structural determinations, but because these determinations are themselves contradictory” (Hyman 1994a: 11).

Correspondingly it has been suggested by several scholars that the interests of capital (and presumably states) with respect to labour market regulation, in face of global competitive pressures, are not unequivocal but ambiguous and divided (Pierson and Leibfried 1995b: 450):

"While business may appear monolithic when it comes to public rhetoric about corporatist or social democratic Europe, it can be expected to fragment along several cleavages (geography, sector, firm-size, export-orientation, and so on) when less global issues are at stake".<sup>30</sup> It has also been suggested that European employers, owing to the need for development of high-value-added production to survive in global markets, supposed to require a motivated, high-skilled and co-operative work-force, under certain conditions may be inclined to prefer co-operative industrial relations and social policy intervention, rather than de-regulation (Piore and Sabel 1984, Traxler et al. 1996). Such arguments have been dismissed by Streeck as wishful thinking; even if a "benevolent logic of capitalist economic self-interest" cannot a priori be precluded, he argues that:

"Prudent behaviour of employers in labour markets and organizational hierarchies typically requires insurance against imprudent behaviour of other employers, affording these short-term competitive advantages. Absent reassuring institutional constraints, created for example by unions or governments and applying reliably to all competitors, behaving long-term irrationally in relation to labor may be the only short-term rational thing for an employer to do. (...) Social policy, in other words, is less the outcome of prudent behavior of market participants than its condition. In particular, political intervention typically precedes the formation of effective business interests in stable co-operation with labor, rather than flowing from it" (1993: 20).

The different assumptions referred to above clearly underscore the need for concrete empirical analysis of the interplay between European regulatory policies and the problems of collective action at both the labour and employer sides.

The unpredictable character of this interplay in multi-tiered systems of shared decision-making, as emerging in the EU social policy field, has been emphasised by Pierson and Leibfried (1995a: 5): "Multi-tiered systems exhibit distinctive features, such as the prominent role for their constituent political units, predictable dilemmas resulting from shared policy-making authority, and major transformations in the strategies and influence of social actors". Accordingly, Pierson and Leibfried have suggested that the strong spatial component of integration and the enhanced capital exit option increase the chances that economic interests will fragment along territorial (national) rather than class lines. That is:

"Political territory may be transformed into the foundation for interest-group organization (ibid.: 28). (...) Alongside the capital-labour cleavage, a territorially grounded cleavage between high and low social-wage areas may emerge, encouraging also territorially grounded conflicts among constituent units. (...) the multi-tiered context both alters the terrain for these conflicts, potentially transforming the interests, strategies, and even organizational forms of traditional actors, and introduces new actors and issues" (ibid.: 30).

These features imply that policy-making in multi-tiered systems – depending not on functional requirements "but on the interplay between national, class and institutional structures" – are prone to grid-lock caused by "joint-decision-traps" (Scharpf 1988), but may sometimes also enable "big-bangs", expected to give rise to a stop-go pattern of development (Pierson and Leibfried 1995b: 433, 460). A crucial question for the study of trade union Europeanisation is thus under which circumstances constituent units may consider relinquishing policy authority to the European level; in the view of Pierson and Leibfried, likely

“only when pressures on them undermine their own interventions” (ibid.: 444).

When I started the fieldwork in 1992, I assumed that we are still witnessing “an early constitutional stage of a slow, uneven and ad hoc process that in the short term will neither replace nor seriously challenge national institutions and bargaining practices. The question, however, is whether the combined effects of small steps from below (e.g. extended co-operation in multinational companies) and political initiatives from above (EC/EU-regulations, social dialogue etc.), facilitated by growing economic convergence and integration, may give pace to a long march towards creation of a kind of European industrial relations that do not mirror, but complement national practices”.<sup>31</sup>

The study will accordingly be more concerned with the construction of regulatory frameworks and constitution of social actors, that is, the installation of institutional structures of European level trade unionism, than with the substantive issues involved. If it is right that contingent strategic choices, structures and compromises made during the initial stage of industrial relations systems tend to attain a constitutional, long-lasting impact, the processes under study may prove essential for understanding the pattern of regulation, social (inter)-action and power relations that is likely to mark the future development of European level industrial relations.

In such a perspective, the development of transnational trade unionism during the recent period of European integration offers a seldom opportunity to study a “critical juncture” of organisational evolution, or a situation of flux, where the task of deliberate (re)-construction of old and new institutions is put on the agenda (Thelen and Steinmo 1992). This may allow analysis of a process where organised actors are not merely captives of structures from the past but try to recapture their role as subjects by striving to design new structures conditioning future agency, that is, a situation where the structure-agency relationship might change character (Turner 1995: 7). Such shifts in the overall balance of power can cause veto points to emerge, disappear, or shift in their location, creating “strategic openings” that actors can exploit to achieve their goals (Thelen and Steinmo 1992: 7):

“Because humans shape the constraints in which they interact through institutional choice and design, it is especially compelling to look at these moments of institutional change. Conflicts over institutions lay bare interests and power relations, and their outcomes not only reflect but magnify and reinforce the interests of the winners, since broad policy trajectories can follow from institutional choices” (ibid.: 27).

In such transformatory processes, the interplay between ideas, leadership, interests and institutions come to the fore, as previously given standard operating procedures and institutions tend to be questioned or reexamined in more substantial ways than in periods of institutional stability (ibid.: 10, 14). A central concern of the study is, accordingly, to analyse the ability of union leaderships, embedded in deep-rooted national habits and belief systems, to develop shared concepts, ideas, and strategies of trade union institution-building at the European level.

### 2.6.3 Redrawing boundaries of community-formation, collective identity and labour solidarity?

Following from the analytical framework sketched above, I assume that trade union Europeanisation will essentially hinge on the unions' ability to foster identification with common European courses and develop legitimate forms of decision-making. Grounded in empirical analysis of ETUC integration over the last decade, a central purpose is thus to illuminate how structural constraints, institutional dynamics and political action interplay in the conditioning and shaping of European trade union community.

Historically, national "institutions of representation (...) run from popular protest to structure" (Turner 1995: 3). The sequence at the European level has been different, however: "Cross-national collaboration among labour (...), rather than movement driven, develops through networking and further institution-building on the part of representatives of already established organizations" (ibid.: 3).

Besides shedding light on how this particular constitutional sequence has unfolded, a central issue of the study is how this influences the shape and content of trade unionism at the European level. – Are such structures invented by top-down political strategies deemed to remain hollow "formal constructs" (ibid.: 6), or can they offer bottom-up "channels within which movements of popular protest can take shape, to grow, expand and make concrete gains" (ibid.: 3)? Accordingly, particular attention is paid to the evolution of decision-making, division of responsibilities, competences and authority between national and European trade union bodies within the ETUC. How is this pattern shaped by the changing "opportunity structure" of European trade unionism, on the one hand, and the internal configuration of actors, interests and authority, on the other?

Ebbinghaus (1995) has suggested that trade union Europeanisation will be conditioned by the interplay between a "logic of unity", enhanced by political pull-forces from above, and a "logic of diversity", restraining integration from below. The specific "target structure" of trade unions at the European level, characterised by the limited competences of EC/EU authorities and the reluctant and fragmented employer counterparts, has been assumed to enhance political unionism, oriented towards supranational coalition-building and constitutional reforms of EC/EU social policy (Goetschy 1995). It has, further, been suggested that the incentives for political unionism are reinforced by the "logic of membership", owing to the diversity of ETUC affiliates. For the constituent entities of the ETUC, political lobbying for a social Europe is presumably less consequential than the development of European-level collective bargaining. In accordance with insights from comparative industrial relations, the latter is likely to interfere more profoundly with national power relations and structures of industrial relations and require greater organisational cohesion than the former.

The contradictory influences originating from the "logic of unity" and the "logic of diversity" accentuate questions about the rationale and role of the constituent entities in ETUC integration. In the past, ETUC has been a loose coalition of independent national union coalitions, primarily functioning as a lobby organisation vis-a-vis EC authorities (see chapter 6).<sup>32</sup>

A central question of the study is thus how the confluence of deepened EC/EU integration over recent years, assumed to accentuate the decline of national union strategies, the apparent strengthening of EC/EU institutions of social dialogue at Maastricht, together with ETUC attempts at organisational reform, have influenced the perceptions and configuration of interests, actors and authority within the ETUC.

The organisational challenges of the ETUC associated with overcoming the "conundrum of cross-national diversity" (Ebbinghaus and Visser 1994: 4), further accentuate questions about the basis for community-formation and collective identification in transnational union organisations. As originally emphasised by Weber, status groups and interest organisations control and protect their identity, solidarity and rewards through the mechanism of "social closure" (Ebbinghaus and Visser 1994: 10).<sup>33</sup> The Europeanisation of trade unionism potentially implies a radical redefinition of collective identities, an undertaking usually done only after a crisis when all other possibilities are ruled out, according to Brunsson and Olsen (1993). A critical question hence is whether European trade unions are capable of redrawing the boundaries of labour solidarity.

As referred above, in recent years it has been assumed that trade unions are increasingly acting on the basis of rational calculus of responses to changing external circumstances, that is, that trade unions are basically pursuing well-defined (economic) interests, in line with the "end of ideology" thesis (Ebbinghaus 1996: 28). According to such a notion of trade union behaviour, evolution of a transnational trade union community would be contingent on the homogenisation of economic interests among the membership, in line with the concept of "mechanical solidarity" (Durkheim 1893) or "Zweck-rationalität" (Weber 1922a). If so, the persisting disparity of economic situations and interests among ETUC members can be expected to inhibit further integration, while the expected convergence flowing from the single market and the EMU might enhance integration.

An alternative conception is that trade unions, despite the generally supposed decline of ideology, can still be conceived as political and cultural communities, assembled around the promotion and protection of common belief-systems, collective identities, and shared perceptions of society.<sup>34</sup> This notion entails a twofold implication for the study of trade union Europeanisation: First, the idea of a social Europe built on transborder solidarity among increasingly interdependent national unions can be assumed to represent a unifying, but also contentious, vehicle of ETUC integration. Second, the embeddedness of labour solidarity within national boundaries can be assumed to represent a significant obstacle to Europeanisation, even if the latter might appear to be a rational strategic response to altered economic and political circumstances. This leads to the question whether trade unions at the European level are capable of re-constructing a new and broader notion of solidarity on a transnational scale, either in terms of "organic solidarity" (Durkheim 1893) based on the increasingly interdependent interests of the membership, or value-rationality ("Wert-rationalität", Weber 1922b), based on identification with a common European project.<sup>35</sup>

Altogether, it seems plausible that the contentious role of ideology in the trade union

movements can become extra pronounced at the European level. First, because of the inherited ideological cleavages of European trade unionism, second, because of the conflicting ideas and perceptions of European integration. As to the first dimension, Ebbinghaus' historical study of political unionism in Europe emphasises three major axes of ideological cleavage arising from the capital–labour, church – state, and the reform–revolution divide, which he argues have all become less salient, but still exert important influence on union organisation in Europe (Ebbinghaus 1996: 48).<sup>36</sup> As shown in chapter 6, all these cleavages and tendencies have become represented in the ETUC. Historically, this has caused severe conflicts concerning for example the inclusion of Christian and Communist oriented confederations and the role of ETUC as a vehicle for promoting social integration in Europe versus more militant conceptions of the ETUC as a vehicle for class opposition in Europe (Gobin 1996). As to the second dimension, throughout its history ETUC has been ridden by conflicting ideas and perceptions of European integration, associated with the distinction between "Euro-idealists" and "Euro-pragmatists", corresponding less to national background than to different political orientations and relations to European policies (ibid.). In addition, the history of international labour co-operation has persistently been marked by great discrepancies between ideas and practice: "there is hardly an element of the socialist creed where ideal and reality are so distant from each other" (Borkenau 1942: 8, cited in Visser 1996: 176).

In consequence, the fostering of community, collective identity and shared ideas within the ETUC can be expected to be a difficult task. Furthermore, these factors can be assumed to interplay with cultural and lingual cleavages, complicating development of communication, fraternity, and trust among trade union representatives, but also perceptions of appropriate organisational "standard operating procedures" and legitimate styles of leadership and democratic accountability (March and Olsen 1989). On this background Hyman has suggested that a fundamental challenge to European trade unions is whether they can overcome the confining "geometry of trade union ideology (...) cast within national political and intellectual traditions" and develop a unifying vision of transborder collective action:

"To remain significant agents of employment regulation, unions must redefine utopias at transnational level – while at the same time winning membership comprehension and enthusiasm for such ambitions. The ideal of a social Europe – rescued from current evasive obfuscations and given concrete, intelligible meaning – could be a starting point". (Hyman 1996a: 87).

Whether such a project can gain credibility as a unifying force hinges on several uncertain factors. According to Olsen (1995a: 11), trajectories of institutional transformation depend on the type of change. Change in opposition to an institution's identity, integrity and dynamics is likely to be episodic and problematic. Institutions will defend their identity and integrity with the resources available. Radical and rapid transformations are (therefore) likely only under special conditions, for instance: (1) Reform attempts, where considerable political energy and resources are mobilised over long periods of time; (2) collisions between major institutionalised rule sets, identities, interpretations and accounts of the world; (3) deep performance cri-



sis according to the institution's own criteria of success; (4) comprehensive external shocks which in dramatic ways change the conditions under which the institutions has functioned; (5) shared expectations that either a performance crisis or an external shock is inevitable in the near future.

The new pace of European integration, in conjunction with profound domestic changes, apparently comprises many of the criteria outlined above. Since national unions are affected very differently by these factors, however, it is open to question whether this is sufficient to prompt radical changes. While some unions face domestic situations in which national means appear exhausted, others still benefit from quite well-functioning national systems of industrial relations. Furthermore, the discrepancy of experiences between leaderships, who take part in union policies at the European level, and national rank-and-file members, who tend to question the content and value of European developments, is likely to raise problems of legitimacy and cause resistance to change. Two-level games may enhance the authority of national union leaderships, but can also erode their credibility, casting doubts about their commitments to European courses. The obstacles to swift changes and common action can therefore be expected to be considerable.

### 3 Empirical sources and methodology

#### 3.1 Background

This study is based on a wide range of empirical sources. The primary empirical material has been collected through personal observation and participation in trade union debates on European integration at national level (in Norway and in Nordic union contexts) and at European level (in the ETUC) since the late 1980s. This has been complemented by written documentation and interviews with representatives of the central organisations and institutions involved in ETUC and European social dialogue in recent years. The study thus conforms with what is often denoted as *qualitative social research*, based on *participant observation* (Lofland and Lofland 1984: 3, 12).

Besides the empirical fieldwork in the ETUC 1992–93, the study builds on experience and information gathered through several projects on various aspects of European integration and trade unionism in which I have been involved at FAFO. Some of these have had a scholarly purpose, whereas others have aimed at providing and disseminating information about the implications of European integration for national trade unions.<sup>37</sup> Since taking the initiative to start a research programme in this field at FAFO in 1988, financed by the Norwegian Confederation of Trade Unions (LO), I have had the opportunity to follow closely the process of trade union Europeanisation at the national level, and later also at the European level. In 1991, I was responsible for FAFO's production of discussion material on trade unions and European integration on request of the Norwegian LO, through which we got the chance to learn and discuss the interpretations, concerns and views of national unions with representatives of the different LO unions. Since the traumatic struggle over Norwegian EC membership in 1972, which caused bitter divisions within the Norwegian trade unions and labour movement, European integration had been a 'non-issue'. Yet, eventually the Norwegian LO (like the union confederations of the other Nordic countries outside the EC) decided to support participation in the single market through the EEA agreement, while EC membership was still considered a non-issue. After Norway's Labour government followed Sweden and applied for EC membership in autumn 1992, the trade unions were anew confronted with the contested issue of EC/EU membership, to be decided in a referendum autumn 1994. FAFO was then commissioned by the LO Secretariat (composed of the leaderships of LO and its affiliated unions) to produce a study of the implications for Norwegian trade unions, to serve as basis for their discussion and decision over whether to support EU membership. As editor of the report, which was presented and discussed at a great number of meetings at the local and central level of LO unions, I got the chance to follow this historical debate of LO unions from the inside. At the 1994 Congress, LO decided – with a margin of three votes – to go against EU membership.<sup>38</sup>

Involvement in these processes provided me invaluable experience of how the European

Union tends to be perceived by local unionists in a country at the outskirts of Europe; it also taught me how touchy, complicated and controversial the issue of European integration can be for many national trade unions (see Dølvik 1995). Besides pointing up the social and cultural distance between union grassroots and Brussels, the processes gave me insight into the problems which union confederations face in trying to bridge the gap between the membership and leadership, between unions of different sectors and industries, and between domestic concerns and European trade union debates.

In contrast to this national, bottom-up perspective, I have also had the opportunity to view the process of trade union Europeanisation from the top European level of the ETUC. The first time was at an ETUC Executive Meeting 1–2 December 1988, where the main issue on the agenda was the Community Charter of Social Rights. The engaged ETUC debate over transnational union policy and a social Europe, at the time virtually unknown in Norway, triggered my interest. Since then, I gradually became acquainted with the work of the ETUC, not least through the activities of the European Trade Union Institute (ETUI), where I occasionally represented FAFO in meetings and conferences. With support from the Norwegian LO and a grant from the Research Council of Norway, I attended the ETUC Congress in 1991 and was permitted to stay as a guest researcher at the ETUI in Brussels in 1992–93. This provided me, as an outsider, with unique opportunities to follow the process of ETUC integration ring-side during the crucial post-Maastricht period and develop contacts in European trade unions and institutions that have made it possible for me to keep track of ETUC and social dialogue developments also after returning to Norway in June 1993.

Admittedly, due to other duties and projects, the finalisation of this thesis has been substantially delayed – a fact that occasionally has caused frustration and concern about being outdated by the changing course of events. With the privilege of hindsight, however, I would say that the delay has proven an advantage, allowing me to view the development of ETUC and European social dialogue over a longer time-span, covering the entire 1991–95 Congress period of the ETUC and Community social policy integration from the ICG at Maastricht to the one in Amsterdam. This has enabled me to contrast the ambitions and strategies outlined in the early 1990s with the practical implementation and results in subsequent years. Through retrospective interviews with key informants, I could confront them with earlier expectations and analysis, and get their assessment of ETUC development since our initial contacts. As a latecomer, I have thus had the advantage of checking the assumed implications of immediate events and institution-building against what actually happened in practice. This has since 1994 been facilitated by my participation in the editorial committee of *Transfer*, the European Review of Labour and Research, published by the ETUI, through which I have been able to exchange views with researchers from other countries, participate in conferences of the European trade unions and gather information about recent developments.

In the subsequent sections, I describe in some more detail the research process, the empirical focus and sources, and the methods used to gather information.

### 3.2 Empirical approach – emphasis, angles and limitations

My original intention was to carry out a comprehensive, comparative analysis of the relationship between European integration and transformations of national industrial relations systems, which would require “a multilevel analysis of the linkages, interaction and tensions between organisational responses at sectoral, national and European level”.<sup>39</sup> Following this approach, I conducted interviews and gathered material on developments in selected case countries (Belgium, Germany, Great Britain and Norway) and European industry committees (primarily EPSC in the public sector; EURO-FIET in the private service sectors; EMF in the metal industries and EFCGU in the chemical industries), in addition to the confederal European associations of unions and employers. As the work proceeded, I came to concentrate on the European level of trade unionism, more specifically on the ETUC and the development of industrial relations at confederal level, though maintaining the objective of illuminating how ETUC development was influenced by the interplay between European and national actors, and between confederal and sectoral actors. That is, I wanted to view European integration of trade unions from a multitude of angles and levels.

In studying ETUC development, my empirical focus has been marked by the initial choice of case countries and sectors. I have tried to compensate for this bias by conducting supplementary interviews with union representatives of a number of other countries as well, but the study still reflects my Nordic frame of reference and my better knowledge of actors from the richer Northern unions, than from the Southern unions. The Nordic outlook has further been compounded by language, familiarity, and the access I have had to the processes within Nordic unions, not least because they generously included me in their informal pre-meetings and socialising in ETUC contexts. On the other hand, through my ETUC fieldwork, I gradually gained access to networks of other nationalities as well, especially among the German, British and Belgian representatives, who all were inclusive and keen to share their views and acquire information about the outlooks of other national unions. The fact that I was one of the few who had the opportunity and time to walk around and exchange views with unionists across the national and cultural divisions in the ETUC, gradually became valuable as a method of getting information and contacts, like a snowball mechanism. As people got used to my presence, their interest in hearing my impressions and preliminary thoughts about the way things worked grew, in turn providing me with additional and alternative information and interpretations.<sup>40</sup>

Situated at the common location of the ETUI and the ETUC, the empirical scope of my study might, despite my Nordic leanings, be suspected of being skewed towards the Brussels-based world-views of the ETUC Secretariat. How much this situation has influenced my study is indeed difficult for me to judge, but, paradoxically, my position at the European centre during the 1992–93 fieldwork actually resulted in closer contacts with national actors than with the ETUC Secretariat. This had several reasons: First, being located at the Brussels centre seems to facilitate contact with visiting national delegations and enhance access to national interview respondents (presumably because one is assumed to have knowledge of potential

value to them). Second, the ETUC contexts to which I gained access, like the meetings of the Executive Committee and the various Standing Committees, are dominated by representatives of national confederations. Third, one of the best opportunities to get known to actors of national union leaderships is actually when they are away from their overloaded daily work-schedule and have some spare time to spend in the restaurants of Brussels. In fact, I got to know many leading Norwegian unionists better in Brussels than back home, presumably also because status asymmetries seem less pronounced when national leaders are on their own abroad, free of domestic power hierarchies and public attention, and receptive to people who are familiar with the context. Further, owing to the growing presence of national union offices, alongside the representations of all kind of other national agencies, social life and flows of information and contacts in Brussels tend to be patterned along national boundaries.

In contrast to the national networks, the Brussels-based staff of the ETUC Secretariat to a greater extent feel the need to protect themselves and their families against the constant pressure of information- and contact-seeking visitors, and seem naturally less attracted by the prospect of late downtown conversations. Besides having to maintain contact with their domestic constituencies, key actors of the ETUC Secretariat are reportedly also more integrated in the less open circuits of the political Brussels scene and hence are less available for visiting students and scholars.

In consequence, also reflecting my initial hesitation, my fieldwork in Brussels was more influenced by contact with national union representatives than with the actors of the ETUC Secretariat.<sup>41</sup> After I returned to Norway in 1993, however, contact with people of the Secretariat became more important for my attempts at keeping track of events, reflecting also the more limited opportunities I had to maintain contacts with different national representatives.

This may, perhaps, indicate a growing risk of my simply peddling official views from the top European level, a risk which I feel affects much research on European integration – based on swift fly-in, fly-out interviews, without in-depth fieldwork on European arenas. With respect to understanding the interplay between national union actors in European contexts and discovering the more subtle mechanisms of organisational integration in European trade unions, I consider the opportunity I got to live with and observe the European trade union “tribe” over time, was invaluable for my interpretation of recent ETUC developments. Short-term studies, based on structured interviews with European representatives, and national representatives in domestic contexts, are, I feel, less suited for progressing beyond observation of the formal structures and official views, to the stage where one can gain insight into the informal processes, tacit premises, and the less spectacular indices of organisational development. This, I think, is a central factor why many studies of European level trade unionism either tend to reproduce overly optimistic official interpretations, or to reiterate the structural obstacles and weaknesses of European unionism reported by previous studies, often making it hard to comprehend how the changes have actually evolved in the ETUC since its inception in 1973. In order to grasp the incremental changes taking place between the

more visible events (or non-events) of treaty amendments, changes in formal organisational structures, and alike, I consider that my participant observation in the internal proceedings of European union organisations has been indispensable for distinguishing between the external legitimising accounts (what the actors say to outsiders and domestic constituencies) and the actual processes of conflict and compromise (what the actors do in European contexts). To be able to understand the inner life of such organisations, it is necessary to win confidence and trust among the actors, so that they dare to share with you what they themselves often distinguish as “the real story”, as opposed to the “official version” they frequently recite. Herein, of course, also lies the danger of “going native” and uncritically swallowing the legitimising accounts of specific actors – a danger which, in my view, only can be checked by approaching the issue from a wide range of angles and through interviews with a great number of differently situated actors over a longer time-span (see e.g. Kalleberg 1994: 45, Lofland and Lofland 1984: 34). I return to this question after having described in greater detail the sources of information and the techniques of data collection on which the present study rests.

### 3.2 Data sources and methods of data collection

This study of the development of ETUC and European social dialogue is based on three inter-linked main methods and sources of empirical evidence: (1) Written material and documents of the concerned organisations, in the union case largely internal in character; (2) Personal observation and participation in trade union meetings and proceedings; (3) Qualitative interviews with representatives of the relevant organisations and European institutions, complemented by discussions with experts on EC and national industrial relation developments.

#### *Written documents*

The organisational culture of the ETUC seems more marked by written communication and documentation than is the case in national unions. Preparatory documents, proposals of decisions, and quite detailed minutes of meetings, are dispersed in a number of languages to all affiliates. Moreover, the member organisations – as in the strategy debate on European collective bargaining in 1992/93 and in the preparations of the 1995 Congress resolutions – often submit written comments and amendments, which would indicate that the development of the ETUC can be traced in the archives (see e.g. Gobin 1996). Normally, however, such documents only partially reflect the decisive processes of negotiations that lay behind the outcome. Even though I refer extensively to written sources – to document views and standpoints properly – these would have been of limited use if I had not been able to assess their significance and meaning in view of personal observation and interviews. In this sense, the importance of written sources may be overestimated when reading the presentation of the study. Instead of referring loosely to views and impressions gained through informal conversations or personal observation, I have often chosen to cite written, verifiable sources that represent the views of the actors, and

supplement these by interpretations derived from other sources.

During my fieldwork, I gained access to much ETUC documentation via the ETUI and at meetings I attended. Further, the personnel at the ETUC archive, individuals in the ETUC Secretariat, and the staff at the ETUI library, were very helpful in providing documents which might be of relevance for my study. Similarly, the interview respondents in the different national and sectoral union organisations, as well as in the Commission DG V, were usually very generous in sharing documents, taking copies and sending materials of interest. In the early and late phase of the study, when I was working in Norway, the main provider of written material was the Norwegian LO, through its international department and its Brussels office.

*Participant observation in European trade union proceedings*

After having visited the ETUC Congress in 1991, a 16-month stay as guest researcher at the ETUI in 1992/93 enabled me to observe the debates of the ETUC concerning European collective bargaining and implementation of the Maastricht Social Protocol from within. Being present at the meetings of the ETUC Executive Committee; a wide range of meetings of the ETUC standing committees for social policies, collective bargaining and economic policy, and several working groups and conferences preparing ETUC policies, I got privileged access to internal debates and concerns of the ETUC and many of its member organisations. As indicated in chapter 1, my focus was the strategy debate on European collective bargaining and social dialogue (see chapters 9–11). Particularly valuable for my research was the possibility to take part in a working group set up in spring 1992 to prepare the ETUC Conference on “The European Dimension of Collective Bargaining after Maastricht”, convened in Luxembourg 1–2 June 1992. In this working group, organised by ETUI, researchers and representatives of ETUC affiliates met twice in the course of two days, to identify and clarify the factual situation, legal frameworks and the strategic challenges of the ETUC with respect to developing a European level of industrial relations. In this group, I got to know the concerns and actors of national union confederations who were working with the issue of European negotiations, alongside representatives of the European industry committees and ETUC actors who had taken part in the negotiations of the 31 October agreement 1991<sup>42</sup> This process was followed by the above-mentioned Luxembourg conference, in which some 250 representatives of national unions involved in collective bargaining participated. This conference served as basis for a protracted process of strategy formation in the ETUC<sup>43</sup>

Second, my stay at ETUI also provided opportunities to take part in seminars and meetings of the ETUC industry committees, including conferences on European collective bargaining (and works councils) held by the European Metalworkers' Federation (EMF) and the European Public Sector Committee (EPSC) (see section 10.3). Through an ETUI project on European industry committees and social dialogue at sectoral and company level, in which I assisted Bo R. Christensen, I also benefited from being able to conduct joint interviews with representatives of the European industry committees (see ETUI 1993).

Third, as part of the Nordic group of trade union-related people in Brussels, I had the

opportunity to follow the preparatory meetings and discussions of the Council of Nordic Trade Unions (NFS), associated with ETUC meetings. I was also invited to contribute to some conferences of NFS on European integration and industrial relations<sup>44</sup> and to meet and discuss with a considerable number of visiting delegations of Nordic unions in Brussels, who provided useful information about their concerns. After returning to Norway in June 1993, I had fewer opportunities to follow the evolution of the ETUC so directly. The empirical evidence from that period is thus mainly based on interviews (see below), although I followed the ETUC Congress in 1995 and participated as external speaker in the ETUC conference on the 1996 IGC and trade union demands in Madrid November 1995. Combined with participation in some ETUI/ETUC conferences, this has enabled me to keep in touch also with some of the national trade unionists I got to know during the fieldwork.

Finally, as mentioned above, the ongoing relationship with the Norwegian confederation of trade unions (LO) and its contested process of Europeanisation has represented an indispensable "reality-check" on the information and impressions gained from other channels. I have refrained from making the particular Norwegian case an explicit topic of my study, but it goes without saying that my attachment to the Norwegian trade unions has represented an important precondition for the empirical work, both opening doors and prompting union representatives of other nationalities to forward alternative views. Moreover, through the Norwegian LO representative in Brussels, Knut Arne Sanden, I have been furnished with continuous information, interpretations and relevant documents concerning ETUC development.

In most of the formal meetings referred above, my role was that of a passive observer, taking personal notes on which central parts of the study rest. On some occasions, however, my presence as "expert" implied a more active participation, allowing me to raise questions and test interpretations that the practitioners could respond to. This role was in particular facilitated in the ETUI working groups, in which both external experts and unionists were requested to forward and exchange views. Such occasions thus almost equalled the function of a "focus group", in which the researcher could shift between passive listening and more active intervention to trigger discussion or information on issues of specific interest. With hindsight, I perceive this kind of organised, collective exchange of views as one of the most fruitful processes of my empirical work. It was, moreover, indispensable for the organisation and conduct of interviews, serving both as a way of identifying ambiguities and generating questions, and a way of making myself known to the actors, easing access and motivating respondents to share information. As I gradually complemented the passive "outsider" role with that of a more active "insider" contributor to conversations and discussions, I could see that the actors became more inclined to share essential information.

As already suggested, a central element of my learning process – though not a deliberate part of the data collection – was participation in the social life surrounding ETUC meetings. There, one could be involved in unofficial policy discussions, exchange of informal information, raise questions, or test impressions which the practitioners could choose to respond to,



or just joke off, serving more or less as a “Devil’s advocate”. A central part of my empirical study has thus been based on learning by hanging around and chatting with people. This approach also enabled me to understand more of the narratives, symbolic codes, and the tacit knowledge about internal procedures and power relations in the ETUC. This gradually made it easier to decode the meaning of different kinds of symbolic or indirect expressions of disagreement in ETUC debates. For example, when a Nordic representative took the floor in the ETUC Executive Committee and suggested that a resolution was too “ideological”, it usually meant that it was too federalist and hence unacceptable for Nordic unions. Similarly, when a Latin representative took the floor and warned against “resurgence of protectionist or nationalist tendencies”, it often implied a critique of the reluctance of Nordic unions to support further supranational integration.

In consequence, my dual role as “insider/outsider” in ETUC circles was to prove a great help in the interview process. This implied, on the one hand, that I was considered as a union-related fellow who could be trusted, and with whom it might be useful to share information. On the other hand, as a visiting researcher, I was not seen as a union actor, implying that the respondents seemed less inclined to behave strategically. As will be elaborated below, it rather seemed that my interest in hearing people’s views and considerations represented an appreciated opportunity to present their work and concerns. They could reflect about things, formulate and try out views, share experiences and frustrations, and get attention and response in a context where very little was at stake.

### *Qualitative interviews*

To complement and clarify the picture of the role of the various national and sectoral organisations role as this emerged from the documents and proceedings of ETUC integration, I conducted qualitative, semistructured interviews with representatives of the following organisations and institutions (a complete list of interview respondents is provided in appendix 1):

#### Trade unions:

- \* the ETUC Secretariat;
- \* ETUC-affiliated national confederations from Germany, Belgium, Great Britain and Norway, supplemented by interviews with representatives of confederations from the Netherlands, Italy, France, Austria and Nordic countries;
- \* European industry committees, with emphasis on the metal industries (EMF), private service sectors (EURO-FIET), the chemical industries (EFCGU) and the public sector (EPSC);
- \* corresponding (industry) unions from Germany, Belgium, Great Britain and Norway;
- \* CESI

#### Employers’ associations:

- \* UNICE
- \* CEEP

\* the national employers' associations from Germany, Belgium, Great Britain, Norway, Sweden, Denmark and Ireland.

European institutions:

- \* DG V of the European Commission (responsible for industrial relations and social policies);
- \* the Economic and Social Committee (ECOSOC).

In the course of my fieldwork in Brussels, I occasionally also exchanged views with representatives of the Commission DG X, the European Parliament and national government delegations, besides regular contact with those in charge of labour issues at the delegation of the Norwegian government in Brussels. My stay at ETUI and participation in the IREC research network<sup>45</sup> organised by the Industrial Relations Research Unit at Warwick University, further opened the doors to exchange of material and views with researchers engaged in the study of industrial relations at the European and national levels.

Altogether, I have conducted what could be termed regular interviews with approximately 140 respondents from the European trade union movement; 14 respondents from European employers associations; 7 respondents from the European Commission, and approximately 40 national experts. With central informants I have conducted numerous follow-up interviews, while much complementary information has been obtained through informal conversations, short telephone calls, etc. The 'regular' interviews have therefore served partly as a formal check and confirmation of information obtained through observation of ETUC proceedings, partly as an elaboration of such information.

Most of the people interviewed have been positioned fairly high in the organisational hierarchies. In the ETUC Secretariat, I have conducted a number of interviews with the general secretary, Emilio Gabaglio, and most of his political secretaries. In the national union confederations, respondents have usually either been international secretaries (alternatively central personnel on the staff of the international secretary) at headquarters level (that is, the actors responsible for contacts with the ETUC and for preparation of European issues); actors responsible for national collective bargaining who have gradually become engaged in European social dialogue issues (typically, key sources in DGB and Swedish LO have conformed to this description); or persons responsible for the offices of national confederations in Brussels (as in the French FO). The common denominator has been that the respondents have been participating in ETUC activities related to social dialogue and have been situated in the policy-shaping centre of the national organisations as political appointees or functionaries. The views of the leaders of national confederations, I have mainly got to know in informal social settings, except in the case of the Nordic unions, where leaders participated actively in the debate at the NFS pre-meetings. In the European industry committees, with their tiny offices in Brussels, I have mainly interviewed the general secretaries and sometimes their deputies/assistants. To the extent that I have interviewed representatives of individual national unions (in Belgium, Germany, the UK and Norway), respondents have usually been staff with

responsibility for European issues.

On the employer side, my main sources at European level have been the successive directors of social affairs in UNICE (Bernard Arnold, Renate Hornung-Draus and Nils Trampe), while my one contact with CEEP was with its general secretary Werner Ellerkmann. The most important informants at the employer side, however, were the Brussels representatives of the Danish DA (Nils Trampe) and the Norwegian NHO (Knut H. Sørli), together with the director of the Belgian employer federation, FEB (Wilfried Beirnaert), with whom I conducted a number of interviews. These were supplemented by single interviews with a representative of the CBI involved in social dialogue and the persons in charge of the Brussels representations of the German, Irish and Swedish employers' associations.

In the Commission DG V, I have benefited from long-standing contact and numerous interviews with key personnel involved in the social dialogue (Dirk Buda and Jackie Morin), supplemented with interviews with the "old hand" of European social dialogue, director Jean Degimbe and his successor Carlos Savoini.

Nonetheless, this empirical analysis of European social dialogue developments basically expresses a trade union perspective. Insofar as the ETUC is concerned, the main empirical evidence of my study relies, as indicated, on information provided by actors within the leadership circles of trade unions in Europe – which in turn implies that information about the responses and views of rank-and-file unionists stems mainly from secondary materials and the accounts of their national leadership representatives. In this sense, my study provides an account of how the process of trade union Europeanisation is perceived and interpreted by European trade union elites. This might expose it to criticism for lacking representation of the views of trade union grassroots. However desirable, such a study would have gone far beyond the capacity of this particular project.

In the beginning, I usually approached the interview situation with well-prepared, fairly structured interview guides with open questions, normally conveyed to the respondent in advance. I soon realised, however, that the respondents, after having glanced at my questions or introductory letter, preferred to approach the issues from a different angle, in accordance with their personal position, background and way of reasoning. Quite often they stressed that they had only limited time, which increased my concern about not being able to get to the key issues or covering the whole scope of questions I wanted to know about. The interview guide thus mainly came to serve as a checklist, while the respondents provided me with accounts that went across, in and out, and beyond the logic of a structured interview – further fuelling my worries about running out of time. In fact, however, it often proved that time was no real constraint, but rather a safety option on the part of the respondent. I also realised that most respondents had developed subtle ways of testing whether I was a qualified and informed speaking-partner, worth spending time and sharing real information with, or whether the official minimum procedure should apply. Accordingly, if my interviews were to survive this filter, I could not play the formalised, passive role of a neutral interviewer, avoiding any kind of control effects. To be recognised as a credible listener, I had to prove my knowledge and

adopt an approach that struck a balance between allowing the respondent to follow his/her own way of reasoning, and intervening with counter-questions and alternative interpretations that could trigger the interest of the respondent in making me understand how things really were. In addition came the need to guide the conversation in direction of my core issues of interest. All in all, then, these interviews required a great deal of improvisation and flexibility.<sup>46</sup>

As I found out, trade unionists at this level are experienced communicators who prefer to organise their information around specific events, stories and anecdotes – usually without losing sight of the overall purpose of the conversation. Even though I sometimes wondered whether we would ever come back to the indicated central questions – and some issues were only briefly touched on during the conversation – afterwards, when reading my notes, I was often amazed at how the respondents had managed to arrive at their main conclusions in an inductive and indirect way, frequently underpinned by hints and irony which made clear the underlying message concerning controversial issues. This, of course, implied a danger of being seduced by the respondents' often charismatic and inclusive form of communicating. Aware of my tendency to empathise with the respondents, I would, at certain points in the conversation, consciously intervene by confronting the respondent with a contradictory interpretation (the "Devil's advocate" function). This approach appeared well suited to the structure of thinking and speaking among trade unionists (accustomed as they were to the logic of conflictual negotiations and debate), often inspiring the respondents to engage in what they labelled as useful and refreshing "philosophical" discussions about their daily duties.

In order to create an informal atmosphere, I never used a tape recorder, but relied on my personal notes. Sometimes the respondents made clear they did not wish to be quoted on specific statements, normally concerning the conduct of identifiable actors, but in the end they often stated that I could use whatever they had said. In practice, I have chosen not to anonymise sources, except with respect to views or information that might be regarded harmful to other actors or the sources.<sup>47</sup> In general, I was struck by the frankness and openness of the respondents, who obviously appreciated the opportunity to engage in a self-reflective sharing of views and interpretations of the often frustrating activity and situation in which they were struggling.

As emphasised earlier, it evidently was a great advantage that I, owing to my attachment to the Norwegian trade unions and location at the ETUI, was considered part of the trade union "family". Since I had followed many of the meetings and debates the respondents were referring to, my insider status often prompted respondents to ask me about my personal interpretation, and about alternative views I had encountered.<sup>48</sup> Some respondents occasionally suggested it would be useful if I shared the information I got with my Nordic associates, indicating that they saw me as a potential conveyor of strategic knowledge. A few respondents apparently expected that they would achieve something in return, for example in terms of information, a crucial cultural capital in European contexts; or in terms of references to the informa-

tion and experiences I had obtained from them in other social contexts, potentially bolstering their social reputation or prestige. Basically, however, my experience was that the respondents were guided by generosity, a sincere desire to be helpful, and pleasure at having the opportunity to meet someone who had time, interest and capability to listen to their story in an informed way. It appeared to me that trade unionists at this level are living under persistently high pressure – in terms of workload, public attention and the complexity of tasks they are responsible for – with very few occasions where they can reflect and speak about their duties and problems, free from their official responsibilities and obligations. As trade unions are organised authority structures, I assume that my role as a harmless researcher, outside the power game of trade union politics, enhanced a relaxed feeling in the respondents. At times I got the impression that the interviews served a kind of therapeutic function, through which the actors were induced to reflect about the purpose and meaning of their striving, as well as their concerns and frustrations, without worrying too much about the tactical opportuneness of what they said. Especially in the field of European integration, an issue which is often highly sensitive at home and in which they have to respond on short notice in ETUC decision-making contexts, this opportunity seemed welcome. Thus, my role was very much to serve as an informed and critical listener.

Naturally, I was also given some self-legitimising accounts, but in general I was struck by the respondents' ability to adopt a distanced and critical perspective on ETUC developments. This was presumably facilitated by the fact that the European dimension of trade unionism still represented a secondary level of union activity and, I assume, also of personal union identity. The basic identification and concerns of leading trade unionists are, apparently, related to national issues on which their career, authority and self-definition are based, implying that the new European reality lends itself to a more distanced and analytical approach.<sup>49</sup> In this respect, it was often striking how the history of trade unionism and industrial relations was actively used as an analytical reference for comparing and identifying the barriers and problems of union integration at European level. As neither the daily work at national level nor the hectic meetings at European level allow much time for reflection and assessment of union policies at European level, the interviews may have provided a chance to think through and formulate, in explicit terms, the rationale and premises of policies which are usually taken for granted or are so contested that they are not easily thematised. To me, it seemed that national unionists who participate in European contexts are often faced with a dual reality of conflicting commitments and loyalties, accentuating personal and political dilemmas that are difficult to raise both in European and national contexts.

In the presentation of the study, I have, with some exceptions, mainly used references to interviews as a way of illustrating or underpinning empirical or analytical points related to specific questions, often derived from a variety of sources. This selective use of the interviews implies that their overt representation in the study gives an incomplete picture of the analysis and views of the individual respondents. (Some have not been cited at all, even though their information may have been of great value.) The essential importance of the insights provided

by the respondents for my interpretations may therefore be underplayed here, and should rather be judged against the overall analysis than against their explicit presence or absence in the text. This, in turn, implies that I may have cited individual respondents in a selective way which they find do not reflect their views in a balanced manner. If so, I apologise for that, but I will defend this use of the interviews as a way of presenting (and documenting) views and attitudes that I, in view of the totality of my sources, consider typical and representative of their organisations.

### 3.4 Final reflections

A basic question is whether my empirical evidence and analysis give a representative and trustworthy picture of the processes under study. What are the possible pitfalls of the empirical approach I have followed?

Some readers may wonder whether my account is biased because of my closeness to the trade union actors under study. This implies, first, that my particular relation to the Norwegian and Nordic trade unions may have led to a delimited supply of information and a skewed perception of events. On the one hand, this could lead to an overly critical view of developments and a disproportionate emphasis on the concerns of Nordic unions, as reluctant and ambivalent participants in European integration. On the other hand, the somewhat more positive attitude of the Nordic trade union leaderships (who have been very inclusive and helpful in providing me with access to ETUC circles) than their domestic constituencies, might cause an inclination to convey descriptions and interpretations more conducive to their way of seeing things, thereby legitimising their contested support of European integration. I myself can well understand such scepticism, and have therefore made explicitly clear that the study is influenced by a *Nordic perspective* – more accurately, by the outlook of the leaderships of Nordic trade union confederations. Aware of this source of potential bias, I have deliberately searched for information, views and interpretations from a great number of actors from a wide variety of locations and backgrounds. My close following of the process of trade union Europeanisation in Norway has, further, represented a powerful immunisation against peddling overly Euro-centred perceptions. In the end, however, it must be up to the reader to judge whether I have managed to provide a balanced view of things. If the reader think I have not, I would still argue that insofar as my story should be overly marked by the world-views of Nordic union leaderships, their perceptions and interpretations do represent an important part of ETUC realities, worth acknowledging by actors and scholars with different backgrounds.

Second, another sort of bias, possibly of a contradictory nature, might as indicated stem from my insider position in the processes of ETUC integration, dominated by European trade union elites. Being exposed to the political atmosphere and social life in Brussels implies a danger of “going native”, that is, being co-opted and (unconsciously) assuming the dominant

ideological world-view characteristic of many social contexts in Brussels (see e.g. Martin and Ross 1998a). A prominent feature of this outlook is a tendency to identify with the European mission and to perceive the lack of “understanding” and the reluctance of national actors as a central reason why the European projects fails to make the desired progress. Such tendencies can clearly be found in the networks around the ETUC in which I did my daily work. As mentioned above, however, the trade unionists with whom I had most contact, and the majority of my informants, were representatives of national union leaderships, although many of these did tend to be more positive to the idea of European trade union integration than their national memberships. Being engaged in European issues of national trade unions naturally implies a propensity to want this work to show results. And where results are not immediately apparent, it is a well-known human mechanism to overestimate the progress and suppress the retreats in order to legitimise and create meaning for one’s striving. Thus the narratives of labour history – not unlike most history schoolbooks – are usually more marked by the victories than the defeats. Similarly, having chosen to study processes of trade union Europeanisation, basically conceived as a positive thing, I presume one becomes inclined to look more for evidence that can verify change in this direction than for counter-evidence.

On the other hand, I also found that representatives of national union leaderships tended not to be protective on behalf of the ETUC and what had been achieved at the European level. On the contrary – perhaps reflecting their ambiguous relationship to European agencies which potentially might deter from their national competences and status – representatives of national union leaderships were often highly critical of the development of ETUC and European social dialogue. As will be shown in the study, leading national unionists have often viewed the policies of the ETUC as an inferior, second-rank kind of trade union activity, quite different from the ‘real’ trade union struggle at national level, in which their authority is rooted. There are thus numerous examples of how national union leaders arrogantly have ridiculed the ETUC and its personnel, previously often regarded as second-class officials placed in Brussels to serve their domestic masters. Reflecting a certain jealousy or rivalry between national union leaders and their potential European contenders, these features suggest that the stories about the ETUC I got from national leaders seldom were painted in rosy colours. Moreover, the leaderships of most national unions seem extraordinarily attentive to the views and reactions of their domestic constituencies, on whose consent their power depends, simultaneously being one of their central bargaining cards in European negotiations.

In the Brussels context of European integration, it is doubtful whether national union leaders can be regarded as part of a societal (European) elite. In my view, they are more appropriately conceived of as national representatives of social groups with limited ability to influence European events. While the ETUC Secretariat can plausibly be viewed as (a junior) part of the elitist circles around the Commission, my impression is that national unionists in ETUC contexts usually act as sincere representatives of their domestic memberships, deeply concerned about the implications of European policies for their constituencies. As will be seen in the

study, however, this does not mean that they never overstep their mandates or consent to policies that are contested at home – but that is a phenomenon not completely unknown in national union contexts either.

In view of the danger of a top-level bias, it is difficult to conceive why participant observation and action oriented research within potentially influential societal circles should be less appropriate and/or legitimate than within other societal groups, as long as the researcher remains aware of the limitations of such particular studies and conscious of the special importance of integrity when approaching the sphere of power. In fact, in order to understand the development of modern capitalist societies, and European integration in particular, studies of the behaviour and role of powerful societal groups would appear both indispensable and neglected, not least in the field of industrial relations. In my view, it is very difficult, if not impossible, to attain a proper understanding of the inner life, obstacles and dynamics of European trade union integration without daring to risk being influenced by studying the actors of the process close up. It is only by observing their interaction closely over time, gaining insight into the perceptions, interpretations and social mechanism that are conditioning the actual conduct of the actors – as opposed to what they say in formal interviews and written statements – that one can hope to understand the reasons that shape their actions.

I have deliberately tried to counteract the risk of “going native” by conducting interviews with a wide range of union actors, situated in diverse national and sectoral contexts, as well as with actors from different systems of industrial relations and with varying views on European integration. Furthermore, I have followed the process over a sufficient time-span to cover a full cycle of expansion and contraction of European (social policy) integration, a fact which has provided the opportunity to control for specific situational influences. My informants have thus represented union organisations with considerable variation along the following central axes of European integration of industrial relations:

- \* centre versus periphery;
- \* large versus small countries;
- \* EC/EU versus EFTA countries;
- \* centralised versus decentralised traditions of industrial relations
- \* unified versus more fragmented or segmented union structures;
- \* voluntarist systems of industrial relations versus systems more marked by statutory regulation.

Still, due to limitations of language, time and energy, the study arguably suffers from an underrepresentation of information and views from the Southern ETUC affiliates. Seeking to compensate for this weakness, I have conducted a number of interviews with Italian and French representatives, besides observing the conduct of Southern affiliates in ETUC meetings and studying their arguments in written material.

This way of collecting and comparing information from a multitude of angles, levels and



sources, combining personal observation, written documents and qualitative interviews – through which I could confront received versions with alternative interpretations of other actors – has, moreover, been complemented by interviews with many actors external to the ETUC, notably among employers' representatives, in the Commission, and among researchers outside ETUC circles. I therefore feel that I have made sincere efforts to counter the risk of adopting a partial and biased picture of the processes under study. On the other hand, I would also venture that an account which might be biased towards the views of the actual participants in social change is arguably less harmful than accounts that disregard the understanding of the actors themselves. Still, how well I have managed to avoid “going native” in top-level circles of Nordic unions and/or the ETUC, can only be judged on the merits of the study itself.

Finally, it should be emphasised that the core of my empirical account is very much about the world-views of the actors and their ways of perceiving and justifying their behaviour. Perhaps such an actor-oriented approach might not provide a complete and adequate understanding of the dynamics and constraints of European trade union integration. It does, however, provide insight into an important feature of this reality, without which it cannot be comprehended satisfactorily. And even if the strategic analyses and perceptions of union actors can be misconceived, they may nevertheless have real consequences, since they are what actually guide and shape the conduct of important collective actors in this game. So, even if the reader remains in doubt of whether the empirical analysis provides a representative and trustworthy picture of the processes under study, I am nonetheless hopeful that it can contribute to improve his or her understanding of why the actors behave as they do. If so, my efforts here have been worthwhile.

Secondly, I would like to emphasise that in the presentation of the empirical account, I have sometimes included information which presumably is unnecessary detailed and extensive for the analytical purpose. For me, however, the writing has been guided by a dual purpose. Besides the scientific objective, it has been a concern to contribute to documentation of the contemporary history of European trade union integration, which as yet has been understudied and poorly analysed. It has also been a desire to provide something in return that can be of interest and use for the numerous individuals in the European trade unions who generously have spent time and energy on making me understand the reasons and purpose of their strenuous efforts. If the study can be helpful in broadening the basis of knowledge, self-reflection and mutual understanding among the participants in the work of ETUC, I would therefore be more than content.

## Endnotes Part I:

- 1 For reasons of simplicity I have chosen to use the "Maastricht Social Agreement" (abbreviated MSA) to denote both the Social Protocol and the appended Agreement on Social Policy (between eleven member-states) which were appended to the Maastricht Treaty on European Union (TEU).
- 2 Speech at the European Metalworker's Federation's conference on collective bargaining, Luxembourg 11–12.3.1993. Personal observation.
- 3 See for example Crouch (1993a), Hyman (1996a), Ebbinghaus (1996) and Marks and McAdam (1996).
- 4 See for example Crouch (1993a) and Ferner and Hyman (1992).
- 5 See for example ETUC (1988a), Köpke (1990), Lecher (1991), Streeck (1991), Turner (1993) and Reder and Ulmann (1993).
- 6 See for example Streeck and Schmitter (1992), Greenwood et al. (1992), Traxler and Schmitter (1994), Streeck (1993, 1995a, b), Kohler-Koch (1996) and Falkner (1996a, b, c).
- 7 See also Röthig (1993, 1997).
- 8 Despite the distinction between "Euro-optimism" and "Euro-pessimism" being an idealtypic construct, in accordance to which most scholars would refuse to be categorized, I suggest in chapter 2 that the analyses of for example Jacobi (1992, 1995), Goetschy (1991, 1994) and Platzer (1991a) conform with the former, while the analysis of Streeck (see 1991, 1993, 1994, 1995 a, b) and Keller (1995 a, b, 1996) explicitly adhere to the latter.
- 9 See for example Jachtenfuchs and Kohler-Koch (1995, 1996), Schmitter (1996), Wessels (1997).
- 10 With respect to institutionalist analysis, see for instance Jachtenfuchs and Kohler-Koch (1996), Bulmer (1994, 1997), Olsen (1995a, b) and Pierson (1995). With respect to network analysis, see for example Heritier (1996), Greenwood et al. (1992) and Scharpf (1988, 1994), while the political economy approach has been most typically represented by Streeck (1993, 1995a).
- 11 See for example Visser and Ebbinghaus (1992), Ebbinghaus and Visser (1994), Goetschy (1991, 1995), Strøby Jensen et al. (1992, 1995), Jacobi (1994), Lecher and Platzer eds. (1994), Schulten (1992, 1996), Turner (1993, 1995) and Keller (1995a, 1996, 1997).
- 12 See for example Keller (1995b), Buda (1995), Streeck (1993, 1994) and Ross (1994).
- 13 Strong forces within ETUC, for example in the German and Nordic unions, have had affinity to the "Euro-pessimistic" interpretation. In this view it is interesting to note that "Euro-pessimistic" scholars like Alvater, Keller and Streeck have all had close relations with the German union movement. On the other side, influential forces within the ETUC Secretariat and many Southern unions have had affinity to the "Euro-optimistic" interpretation that has also marked the Commission approach.
- 14 See for example Streeck (1991, 1993, 1994, 1995a, b), Keller (1995, 1996) and Alvater and Mahnkopf (1993, 1995).
- 15 For example, the writing of authors like Ross (1995), Goetschy (1991, 1994) Jacobi (1994), Lecher (1990), Platzer (1991), Guery (1992), Bercusson (1992), Strøby Jensen et al. (1992, 1995), Turner (1993, 1995) and Pierson (1995), has provided basis for "Euro-optimistic" interpretations.
- 16 See for example Pierson and Leibfried (1995a, b), Martin and Ross (1995, 1998a, b).
- 17 Streeck's argument that "Euro-optimists" assume that "an interventionist federal welfare state" is in the making points to an interesting source of the controversy. According to Ross (1994: 486), Streeck thereby constructs a "Euro-optimistic" strawperson, underscoring that the divergence of views is also influenced by different perceptions of what is a relevant frame of reference for evaluating developments of EC/EU social policy. While Streeck has often referred to a federalist European welfare-state as a common frame of analytical reference (1993: 7-8), many "Euro-optimists" tend to apply a more modest reference model. In the view of Ross, "those who know the Community, and this includes the Delors Commission, were always aware that in the social policy area legal, political and institutional circumstances enjoined modesty (ibid.: 489). (...) Whatever the purposes and motives of major EC/EU actors after 1985, (...) European state-building in the social policy area was never possible (ibid.: 492). It is obviously not what Streeck would like to have seen, nor what the left needs. But it is not the story of retreat and abject failure that is recounted in the article (of Streeck 1994, my insertion) (ibid.: 491). All of this amounts to a different story (...), one of modest, sinuous, forward movement from a modest point of departure conditioned by large institutional and political constraints (ibid.: 491) (...) The point of departure for any assessment of EC/EU efforts should be to evaluate this effort and not to judge Europe on the basis of a task not undertaken" (ibid: 493). (...)

Thus, a paradoxical aspect of the analytical controversy is that the "Euro-pessimists" have tended to judge EC/EU social policy developments against an "optimistic" concept of a federalist European welfare state (-against which it falls very short), while the "Euro-optimists", on the other hand, have tended to judge develop-

- ments against a "Euro-pessimistic" concept of continued limited social policy integration (against which developments appear more positive). Hereby the different views actually appear to be reliant on each other's as interdependent analytical alter-egos. Nevertheless, this points to the essential question of what is an appropriate frame of reference for evaluating development of EC/EU social policy - comparison with a federal European welfare state, in line with past national models, or comparison with the quite marginal EC social policy of the past?
- 18 See also Tilly et al. (1975), Tilly (1978, 1994).
  - 19 This expectation corresponds in many respects to what authors like e.g. Kohler-Koch (1996: 197) and Traxler and Schmitter (1994: 3) have termed "the logic of influence", implying that the evolution of interest representation at the European level is driven and shaped by the emergent target structure of political power at the European level ("der Einfluss der Adressaten", Kohler-Koch 1996: 197).
  - 20 See Greenwood et al. (1992) for a critique of the general "pluralism at EU" thesis.
  - 21 By this, Marks and McAdam evidently mean that group response is not directly reflecting the opportunity structure.
  - 22 That is, whether business and labour are marked by systematic differences as to (a) the generalisability of interests; (b) the associability of the groups they present; and (c) the governability or ability to unify and commit members to common goals (ibid.: 13-15, see chapters 4.5, 6 and 7 for further discussion).
  - 23 See also Pierson and Leibfried (1995a, b).
  - 24 For an illustration of the possible relevance of this view, see the analysis of the Maastricht social policy compromise in chapter 8.
  - 25 A related interpretation of EC/EU social policy development has been forwarded by Laura Cram (1995), suggesting that "the role of the Commission of the European Union (CEU) as a purposeful actor is critical to our understanding of the nature and timing of policy developments in EU social policy" (ibid.: 2). Arguing that "the use made of rhetoric, soft law, and symbolic politics by the CEU has been of crucial importance in explaining the way in which EU social policy has developed", Cram suggests that within the narrowly defined parameters allowed by the member-states, expansion of Community policies has been enhanced, amongst others, by the CEU role as policy initiator and catalyst to collective action, encouraging other actors to couch their activities in the terms defined by EU rhetorical fashions. Thus, she emphasises the importance of the learning process which the CEU and many interest groups have undergone for explaining the EU social policy trajectory, even though it may seem as if also the member-states have now learnt to master the game of symbolic policies, suggesting such mechanisms may lose significance in the future.
  - 26 See also Martin and Ross (1998a) for an elaboration of this approach.
  - 27 After European integration was relaunched around the Single Market project in the mid-1980s, successive elements of this "Russian Doll" strategy were the Delors budgetary package (in 1987), tabling of the Economic and Monetary Union (in 1988), before returning to the issue of "market correction" associated with the social dimension and social dialogue (in 1989). "With the Social Action Programme (the Commission) opened an extensive campaign to provide incentives (favourable Eurolevel policies, regulations and support) that might seduce and/or constrain the social partners to Europeanize further, perhaps even to bargain on important issues at European level" (Martin and Ross 1995: 16).
  - 28 Sisson (1987) has nuanced this assumption by underscoring that the acceptance by employers to enter bargaining relations at a specific level is influenced very much by the nature of the trade union challenge (ibid.: 191), implying that the establishment of collective bargaining structures represents historical compromises, usually effected in connection with major conflicts at a relatively early stage of industrialisation (ibid.: 11).
  - 29 See for example Clegg (1976), Sisson (1987: 191), Dunlop (1958), Poole (1984), Strøby Jensen et al. (1995: 6), Due et al. (1994).
  - 30 See also Crouch (1994), Lanzalaco (1992), Traxler and Schmitter (1994, 1995), Strøby Jensen (1995).
  - 31 Dølvik (1992), Research Outline. Towards a Europeanisation of trade union and employer strategies? Dilemmas of national organisations in a changing European context.
  - 32 See also Barnouin (1986), Blaise (1992), Visser and Ebbinghaus (1992), Lanzalaco (1992), Goetschy (1995), Turner (1993, 1995), Gobin (1996) and Martin and Ross (1995, 1998a, b).
  - 33 Similarly, R. Hyman has pointed out that "unions have always been engaged in an effort to influence definitions of identity: collectivism as against individualism; but also the principles of inclusion and exclusion which constitute collective consciousness" (Hyman 1996a: 64).
  - 34 See, for example, Ebbinghaus (1996), Hyman (1996a, 1994b) and Crouch (1996).
  - 35 However, there is good reason to assume that the role of economic interests and political ideology in trade union evolution is inextricably intertwined or dialectical.
  - 36 R. Hyman has suggested a somewhat different but related distinction between variants of union ideology associated with the notion of "business unionism" focusing on the market, "integrative unionism" focusing on society, and "oppositional unionism" focusing on class-conflict (1996a: 68).

- 37 From 1989 to 1991, I was, as research director at FAFO, in charge of a research programme on "*Trade unions and Europe*", including among others projects on "*Internationalisation and European integration – challenges for the trade unions*", commissioned by LO (run by Dag Olberg, Dag Stokland and myself, 1989–90); "*EC adjustment and the harmonisation of taxes and excises – consequences for the public sector*" commissioned by the Norwegian Research Council for Applied Social Science, NORAS (budget – lines for NGO studies of EEA and EC/EU) and the LO unions in the municipal and state sectors, NKF and Statistjenestemannskartellet (run by Axel West Pedersen and Espen Paus, 1990–91); "*A more open European market – challenges for the Norwegian food industry*", commissioned by NNN, the LO union in the food industries, and the Norwegian employers' confederation, NHO (run by Arild H. Steen and Torunn Olsen, 1990–91); "*Possibilities of trade union and workers' influence in the EC and the EEA*", commissioned by LO and NORAS (run by myself, 1992); and "*European integration, the welfare state and the social dimension*", commissioned by NORAS (run by Kåre Hagen, 1990–92); "*Norwegian standards in transformation? New models of regulation in the field of health, safety and environment in Europe*", commissioned by a number of Norwegian Ministries (run by Liv Tørrres, 1990–92); "*Internationalisation and Norway as a manufacturing country*", commissioned by the Social Partners' Joint Action Programme, Industrial development (HFB Næringsutvikling) (run by a group of FAFO researchers co-ordinated by Dag Stokland, 1991–93); and "*European integration and the implications for women*", commissioned by the Foreign Ministry of Norway (run by Tone Fløtten and Birgit Skaldehaug, 1991–92). Later, projects were organised on, among others, issues like "*the State as employer – Norwegian EC adjustment and the responsibilities of the state as employer*"; "*Social Dialogue in the public sector*" commissioned by the Ministry of Labour and Administration (run by Torunn Olsen, 1991–94); "*National participation in EU working life policies*", commissioned by a number of Ministries and LO unions (run by Torunn Olsen, 1993–96); "*Status of EC/EEA labour law directives and the social dimension*", commissioned by LO and the Research Council of Norway (run by Torunn Olsen and myself, 1994); "*Transborder work and social dumping in the EEA-area*", commissioned by LO and the Research Council of Norway (run by Anne Britt Djuve, 1994); "*Workers' co-operation in groups and transnational undertakings*", commissioned by the Ministry of Labour and Municipalities, the Research Council of Norway, LO and a number of LO unions (run by a research group at FAFO co-ordinated by Tori Grytly in co-operation with AHS/SEFOS, Bergen, 1995–97); and "*the Norwegian municipalities and the EEA*", commissioned by the Association of the Municipalities, KS (run by Arild H. Steen, 1993). Although most of the publications of these projects are in Norwegian, I have tentatively translated the project titles into English and a number of relevant publications from these projects are referred in the bibliography. The chance to be involved in the initiation, organisation and discussion of a great number of the reports flowing from these projects – including exchange of views with the practitioners of the commissioning organisations – has indeed been a useful source of background information for the study.
- 38 The decision of the LO Congress 22 September 1994 (the same day as the European Works Council directive was adopted) to go against Norwegian EU membership, irrespective of the decisions of the Swedes and the Finns, had, in my view, possibly a decisive impact on the eventual outcome of the referendum (52 versus 48 percent, not very different from the results in France and Sweden, where the margins tipped the other way) (see Dølvik 1995). The decision of LO implied that virtually all the popular organisations were against and that the dominant forces in favour were the employers' association and the government, underpinning the impression that EU integration was an elite project. An especially contested issue of the struggle was the supposed obligatory participation in EMU, which caused widespread concern about detrimental effects for economic policy, employment and public finances. Today, it can be noted that Norway is one of the few countries that overfulfill the convergence criteria and that (for the time being) Sweden actually has decided to stay out of the EMU. Still, through the EEA agreement, the Norwegian unions are (with a few exceptions) exposed to the single market regime and EU social policy.
- 39 "Towards a Europeanisation of Trade Union and Employer Strategies? Dilemmas of National Organisations in a Changing European Context", Research Outline, Jon Erik Dølvik, October 1992. Based on an actor oriented, comparative analytical perspective, I planned to interview national representatives of unions and employers' associations in selected countries and sectors as well as their corresponding European organisations. More specifically, I intended, first, to compare developments of national trade unions and industrial relations in Norway and other Nordic countries with developments in other European countries, with focus on Belgium, Germany and Great Britain. Second, I wanted to complement the national perspective with analysis of the evolving European level of unionism and industrial relations, with emphasis on (a) the interplay between the confederations ETUC, UNICE, CEEP and European institutions; (b) developments at sectoral European level; and (c) the links and tensions between actors and processes at the confederal and sectoral level. This approach, I assumed, should give "sufficient variation along sectoral, regional and national boundaries as well as capital–labour divisions to analyse the interplay between actors at national and European level".
- 40 The process thus very much conformed with the emphasis laid by Lofland and Lofland (1984: 24–25) on the advantage of "getting in" via "connections" that could convey "preexisting relations of trust" and an impression

of having enough knowledge to be "competent" as a speaking partner, simultaneously allowing me to act as a "learner".

- 41 A possible exception to this was the confederal secretary of the ETUC, Peter Coldrick, who was responsible for economic policies and in charge of contacts with the (Nordic) EFTA-unions. Reflecting, in addition, the long-lasting affinity between British and Nordic unionists within the ETUC, I benefitted from running contact with Peter Coldrick during my stay at ETUI.
- 42 The main issues of the discussions in the working group were reported in the working document "The European Dimension of Collective Bargaining After Maastricht" (ETUI 1992).
- 43 The central role of ETUI in preparing background material for this process, implied that I got involved in a number of workshops and seminars in which leading experts on European labour law and industrial relations participated. Among the most valuable, from my point of view, was: (a) the meetings of the ETUI labour law network, through which I learnt to know the interpretations of, among others, persons like Lord Wedderburn, A. Lyon-Caen, P. Langlois, E. Vogel-Polsky, M. Hall, M. Weiss, N. Bruun, and B. Bercusson; (b) the meetings of the ETUI network on "Strike and Structural Change. The Future of the Trade Unions' Mobilisation Capacity in Europe", headed by W. Stützel and K. Pumberger (see ETUI Info 37); (c) the ETUI conference on "Economic and Monetary Union, Economic Convergence Programmes and the Economic, Social and Industrial Relations Consequences" (24/25 September 1992), where I, among others, learnt to know K. Busch and his analysis of EMU and collective bargaining. As a spin-off of these contacts, I was enabled to participate in a number of research seminars on European social dialogue and social policy arranged by institutions such as the Observatoire Social Européen, Hans Böckler Stiftung and Friedrich Ebert Stiftung, allowing me to get known with the contemporary scholarly debate and networks.
- 44 Confer the NFS Conferences on "A Nordic Platform of Labour Law", Copenhagen 4 – 5 May 1992, and "A Nordic Platform on Posted Workers", Lidingö 10 – 11 February 1993.
- 45 Industrial Relations in the European Community.
- 46 On the need for flexibility and the role of interviewing in qualitative social research, see e.g. Lofland and Lofland (1984: 58–9) and Grønmo (1994: 79–84).
- 47 The question of anonymity/openness in qualitative research has been contested, but in my context I consider, first, that knowledge of sources is of relevance for the substantial assessment of the information presented; and, secondly, anonymisation of sources would have been fictitious in the fairly transparent settings of ETUC and social dialogue, where most actors would have been well aware of the potential sources anyway. In the social dialogue processes in Brussels, most of the actors are well informed about the views and positions of different actors. Also the ETUC has in recent years been marked by an increasingly open organisational culture. Together with the informants' consent to be referred to and encouragement from the ETUC to use whatever I have found out, I consider the exposure of sources is legitimate and justified. In addition, I would argue that the role of individuals in shaping social events is often underestimated and that in the recent history of ETUC, key actors have often had an important impact on the way things have proceeded, making knowledge of persons somehow indispensable.
- 48 Such requests, of course, represents a dilemma for researchers during the process. Personally, I developed a way to resolve the dilemma by referring in general terms to different types of views and positions I had met, without referring to specific views of identifiable sources.
- 49 Taking into account the compartmentalisation of European trade union networks along lingual, cultural, sectoral and issue-related boundaries, it was perhaps not surprising that some actors expressed they had only a partial and limited overview of European trade union developments. Accordingly, some actors suggested that I probably attained more knowledge about the ETUC and how it functioned than they did from their particular position.



## **PART II**

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### **BACKGROUND AND CONTEXT – EUROPEAN INTEGRATION AND THE CHALLENGES OF TRADE UNIONS**

In order to understand the development of trade unionism at the European level, a broad view of the evolving economic and political trajectory of European integration is required. In this part, the background and the central economic and political features of the emerging European regime of governance are reviewed and the central challenges it poses to European trade unions are traced.

## **4 European integration and the changing political and economic frameworks of trade unions**

### **4.1 Introduction**

The development of industrial relations and trade unionism at the European level cannot be understood without a view of the broader dynamics and constraints of European integration. This chapter provides an overview of central features of the evolving European regime of political and economic governance that confronted trade unions in the early 1990s. In section 4.2, the main lines of the trajectory of European integration are sketched; in sections 4.3 – 4.4 the two central pillars of the emerging European regime of economic and political governance are described, notably the single market and the economic and monetary union; in section 4.5 a rough overview of the pattern of institutions, decision-making and interest representation at the European level is given. The challenges these changes posed to European trade unions are briefly summarised in section 4.6. Since there is an abundant literature available on the general dynamics of European integration, the presentation concentrates on features of particular relevance for the development of European trade unions.

### **4.2 From the Treaty of Rome to Maastricht**

#### **4.2.1 Political aims and economic means**

Since its inception in the immediate post-war period, the process of European integration has gone through phases of expansion and contraction, deepening and widening, reflecting shifting external and internal dynamics of an economic and political nature. Owing to the complex and contested character of European integration, conflicting interpretations of the dynamics and destination of the process have prevailed.

Even though the fundamental aim of, first, the European Coal and Steel Community (-founded in 1951) and then the European Economic Community (EEC, founded in 1957) was to secure peace and political co-operation in continental Europe, the central means of achieving this goal have been from the outset of an economic character. Throughout the Community history, the main vehicle for promoting European unification has been market integration. This was enshrined in the aim of the Treaty of Rome (1957) to create a Common Market and later in the aim of the Single European Act (1987) to create a unified single market. To the disappointment of trade unions, social policy was from the outset given low priority, reflecting the assumption that upward harmonisation of living and working conditions



would emanate as a result of market integration (Gold 1993).

The integration of the original six EC member countries has been accompanied by a long-term liberalisation of trade and economic integration with the countries of the European Free Trade Agreement (EFTA, founded 1959), culminating with the creation of the European Economic Area (EEA) in 1993, effectively incorporating the remaining EFTA countries (except Switzerland) within the single market. The process of European economic integration has been accompanied by a gradual enlargement of the Community, adding to the diversity of interests and conceptions of the evolving Community's political role.

#### **4.2.2 Intergovernmentalism versus supranationalism**

From the very beginning, the overriding purpose of Community co-operation was to promote political and social integration, expected to flow from growing economic interdependence. While constructed mainly as an intergovernmental confederation of sovereign states (*Staatenverbund*), a central vision of the founding countries and the trade unions was to promote increased supranationality, leading possibly to the establishment of a federal Europe (*Bundesstaat*).<sup>1</sup> In practice, however, the tension between intergovernmentalism and supranationalism, protection of national sovereignty and deepening of political integration, has become a lasting source of controversy in Community integration. This has been accentuated by the gradual inclusion of former EFTA states with deep-rooted reservations against political supranationalisation.

Against this background, it can be argued that the development of the Community has evolved through conflict and compromise between actors and institutions with disparate interests and perceptions of (1) economic versus political integration, (2) intergovernmental versus supranational integration, and (3) territorial widening versus political deepening of the Community (Dølvik et al. 1990, 1991a). Owing to the changing balance of actors, institutions and powers, accentuated by shifting economic and geo-political circumstances, these tensions have led to a convulsive pattern of development, in which phases of expanded integration repeatedly have been succeeded by phases of contraction and consolidation (Wessels 1997). The development of Community social policy has been encouraged in the expansionary phases and inhibited during the phases of contraction (Gold 1993).

The legacy of intergovernmentalism and national veto-power was consolidated by the Luxembourg compromise in 1966, promoted by president de Gaulle after a period of Community struggle over the demarcation between national sovereignty and supranationality. For a long period this implied that national interest groups, like trade unions, could mainly concentrate on influencing national governments to block unwanted Community policies and pay little attention to the build up of joint European influence and institutions.<sup>2</sup>

Following the 1969 Hague Summit, preparing the installation of the Customs union and planning for enlargement of the Community with several EFTA countries (UK, Denmark, Ireland and Norway), a new expansionist phase was initiated. This was marked by the idea of creating an Economic and Monetary Union (the so-called Werner plan) and ambitions to

strengthen social policy associated with the first Social Action Programme (see chapter 5). During this phase the ETUC was founded in 1973.

With the onset of economic crisis and unemployment after the first oil-shock in the early 1970s, however, the member states became preoccupied with domestic problems accompanied by the return of economic protectionism. Reinforced by the entrance of the UK, the Community slid into its "dark age" marked by intergovernmental haggling and deadlock over agricultural policies, budget rebates, and the alike (Lodge 1989, Keohane and Hoffman 1991). With the incoming Thatcher government, trade union aspirations to take advantage of the social policy activism of the 1970s were thwarted, trade unions having to return to defensive struggle within their national boundaries (Visser and Ebbinghaus 1992).

#### **4.2.3 The Community "relaunch"**

From the early 1980s, a new impetus to integration was unleashed with the plan to relaunch the European Community by means of the old strategy of economic integration, ingrained in the "1992-programme" for completing the single market. Faced with the challenge of economic globalisation, fiercer competition from the US and Japan, and the crisis of the post-war Keynesian settlements in Europe, a growing convergence of views had emerged among the member-states that a liberalisation of the European economies and a reinvigoration of the Community were needed to overcome the prevailing "Euro-sclerosis" (Moravcsik 1991, Sandholtz and Zysman 1989, Keohane and Hoffmann 1991). Reflecting the break-down of the French attempt at "Keynesianism in one country" in the early 1980s – undermining the faith in national answers to the prevailing crisis among social democratic forces – and the growing influence of Christian-Democratic and conservatively oriented governments in a rising number of European countries, the single market project came to be the common denominator around which the European relaunch could be organised. Despite conflicting interpretations of the set of causal factors that enabled the formerly divided political forces of the Community to unite around the "1992 project", an important feature was that it allowed the new concept of Europe to be presented as an attractive solution to European business (Sandholtz and Zysman 1989, Streeck 1993). For trade unions, however, the concept of transborder deregulation associated with the removal of national obstacles to the free flow of productive forces represented a double-edged sword. On the one hand it contained the promise of accelerated growth and employment generation, on the other it reinforced the threat that national means of trade union policy would be eroded, without being compensated by increased political powers in the social field at Community level (ETUC 1988b, Visser and Ebbinghaus 1992).

Still, as persistently advocated by the Delors Commission, the 1992 programme did enhance a broadening of the political co-operation, a supranationalisation of political powers and renewal of Community institutions and decision-making (Keohane and Hoffmann 1991, Dølvik et al. 1990). The Single European Act (adopted in 1987) was associated with extension of Community competences and the area covered by qualified majority voting – mainly related to the single market. Although these changes predominantly amounted to so-called

“negative integration” (Scharpf 1996a), the idea of complementing the single market with a social dimension was promoted by the reform of treaty article 118 (a) and (b), allowing qualified majority voting in the field of work environment and obliging the Community to promote social dialogue (Vogel-Polsky and Vogel 1991). The reforms of the structural funds as a response to the entrance of new Mediterranean member-states gave further rise to expectations of stronger solidarity across former regional cleavages. Those advocating a democratisation of the Community were encouraged by the strengthening of the European Parliament, assigned a new consultative role in the development of Community legislation (Brewster and Teague 1989).

Thus, although the Community “relaunch” was organised around a center-piece of market-making, it came to be seen as a significant revival of European integration, envisaged to be accompanied by deepened political integration (Sandholtz and Zysman 1989, Keohane and Hoffmann 1991). The new wave of “Euro-optimism”, if not “Euro-phoria”, was fuelled by the extension of co-operation in flanking areas such as foreign policy (EPC) and monetary policies (ERM), underpinned by the general economic upswing that swept over Western Europe in the late 1980s.

In scholarly context the Community “relaunch” implied revived attention to neo-functionalist interpretations of European integration. Whereas most analysts saw the “1992-package” as a prototypical example of an intergovernmental bargain where national governments agreed to pool resources and competences in a delimited area (market-making), in order to overcome convergent domestic problems (Moravcsik 1991, 1993), the political dynamics and institutional reforms this bargain unleashed gave new actuality to the neo-functional concept of political spill-over (Keohane and Hoffmann 1991). Moreover, the Delors Commission, which came to be identified as the motor of the new integration drive, applied a strategy which seemingly relied on a neo-functionalist understanding of Community dynamics. To mobilise support and legitimacy, the single market was represented as a starting point, envisaged to be complemented by a social dimension and the creation of an organised economic space based on common regulations, social cohesion and political integration (Delors 1988). This was swiftly followed up by the launching of the next grand leap into integration, the proposal to head on with the creation of both a “Political union” and an “Economic and Monetary Union”, tabled in 1989 for the upcoming Intergovernmental Conference on Treaty Reform.

#### **4.2.4 1989 and the prospect of Pan-European unification**

The renewed momentum of Community integration was, furthermore, accompanied by the efforts of the EFTA countries to gain access to the unified market, eventually leading to extension of the single market to cover virtually the whole of western Europe, thus constituting the largest integrated regional market in the world. In 1989, then, the fall of the Berlin Wall and the subsequent German reunification introduced a new perspective – the vision of Pan-European unification linking the former Central and Eastern European countries to the integration process. This encouraged the former EFTA countries to apply for EC membership,

adding to the impression that radical changes were underway in Europe. As typically expressed in a booklet from early 1990:

"Europe is in upheaval. Entrenched political walls, regimes and ideological constructions are falling apart. Geopolitical power blocs are stumbling. Social and cultural waves of change are turning customary perceptions upside down. After a period where mass action and revolutionary transformations seemed relegated to the history books, millions of people marching in the streets have given new meaning to concepts like freedom, equality and democracy.

While many proclaim the ultimate triumph of capitalism and some see the advent of a new social democratic era, others propagate the definite evaporation of ideology, the amalgamation of political systems and the apolitical triumph of reason. Western capitalists, state technocrats, politicians, trade unionists and experts are ready to move against the east. A borderless external market for organisational concepts and institutional design is opened. Where the influence of the masses ends, the entrepreneurs can enter the arena.

While Europe during 40 years has appeared as a system of deep-frozen cleavages and conflicts, new frontiers of action are today being opened. These challenges call for new forms of co-operation and solidarity, facing the labour movement with questions to which traditional concepts and strategies provide no answer. Needed are not merely new and more elaborated techniques of governance, but vision and strategical reorientation.

In Western Europe the room for manoeuvre of the nation-state is becoming narrower, owing to internationalisation of markets and political integration. In Eastern Europe national symbols and demands for autonomy are gaining strength. The labour movement in the West will reconquer control and delimit the free play of market forces by developing supra-state regulations. The peoples of Eastern Europe search for freedom through the market by getting rid of state and supra-state straight-jackets. In this field of tension between integration and fragmentation, concentration and decentralisation, politicisation and marketisation, regional dimensions and conflicts are attaining increased importance in both the East and West - centre against periphery, North against South.

In a situation in which many have declared farewell to the trade union movement for ever, one can trace signs of new momentum in trade union co-operation in Europe. This, paradoxically, is associated with the emancipation of market forces both in the East and the West, reflecting that trade unionism is an authentic child of capitalism. (...) After the international labour movement was split by the October Revolution and the Cold War, a new labour solidarity may now be evolving. The task will be to transform the 150 year old slogan of Marx and Engels, "proletarians in all countries unite", into practical trade union policies suited to meet the demands of tomorrow's working life" (Dølvik et al. 1990: 11-12).

It was in light of these historical external events and the rising expectations concerning European integration that the Intergovernmental Conference on Treaty Reform, eventually leading to the Maastricht TEU, took place. It was also in this context that the ETUC prepared its 1991 Congress in Luxembourg, eventually leading to adoption of a strongly integrationist programme and ambitions to reform the ETUC in the direction of a supranational association (see section 6.5).

#### 4.2.5 Negotiating the Maastricht settlement

While market-making had been at the core of the bargains that facilitated the Community relaunch in the mid-1980s, the negotiations over the eventual Maastricht TEU from 1989 were accentuating fundamental questions about the political character and direction of European integration. Inspired by the new pace of European integration stemming from the "1992"-project, central Community and national leaders prepared for a decisive leap towards creating an "ever closer union among the European peoples" built around the concepts of an Economic and Monetary Union (EMU) and Political Union (Cafruny and Rosenthal 1993: 2). Although supposed to be a fairly marginal issue, the proposed strengthening of Community social and labour market policies became an important source of controversy, highlighting the conflicting visions of European integration prevailing among the member-states. Moreover, as soon as the "integrative logics" of neo-functionalist character had gained renewed actuality, the locus of the Community agenda suddenly shifted from institution-building and political "spill-over" to high-politics and intergovernmental bargaining over the future geo-political structure of an enlarged Europe.

Consequently, the 1991 Maastricht settlement came to represent a moment of truth in Community integration, crystallising political, social and national tensions over the further path of European developments. While some, at the time, tended to perceive the Maastricht settlement as a decisive step towards the erection of a European federal state, others came to see it as a potential high water-mark of unrealised aspirations of political and social integration (Hall 1994a).

Apart from the plan to develop the EMU, however, the political reforms of the Maastricht TEU appeared to be of greater symbolic than substantial significance. The aims of developing a European citizenship and a common foreign and security policy, attributed strong symbolic importance, were anchored in the pillar of interstate co-operation, remaining outside the sphere of "acquis communautaire" and the jurisdiction of the European Court of Justice. The same concerned the contested development of common policies in the field of asylum and police co-operation. Within the main pillar of Community policies, belonging to the "acquis communautaire", mainly incremental changes were pursued in policy areas such as environmental issues, consumer protection, education, and regional redistribution ("cohesion"), yet allowing for greater use of qualified majority voting in a number of issues. By and large these changes were of modest character, merely formalising previous practice. Altogether, apart from the more integrationist wording, the content of the Political Union fell very short of the expectations of those who had foreseen a radical shift from economic to political integration. Only minor reforms were made in the institutional set-up, the mode of decision-making and the conditions for democratic influence. Herewith also the second leap of European integration after the "relaunch" came to be built upon a core of economic integration, notably the EMU, while the envisaged need for reforms of the institutional and political structures were postponed to the next Intergovernmental Conference starting in 1996.

#### 4.2.6 A paradoxical compromise

The Maastricht compromise thus in many respects represented a paradoxical turning point of European integration: In one sense it expressed the most ambitious programmatic intentions of deepening and extending supranational political integration in the Community's history. In another sense the negotiations over the TEU highlighted the limits of supranationalisation, underpinned the key role of nation-states and intergovernmental bargaining, and emphasised the intertwining of supranational and intergovernmental dynamics in the Community development (Nicholl 1993: 31). Although "new" supranational projects like the EMU and Political Union were launched, they reflected tough intergovernmental bargaining influenced by "geo-political" considerations in which a central concern was to lock in the re-unified Germany and preserve the balance of the Franco-German axis (Eichengreen and Frieden 1994: 14). In order to gain acceptance for German re-unification and reassure the other states about Germany's commitment to (west) European integration, Germany had to accept the concept of EMU, despite scepticism to giving up the Deutsch Mark. Conversely, other states had to pay tribute to German affinity for federalisation by accepting the notion of "Political Union", whereas important concessions had to be made to the British insistence on protecting national sovereignty and allowing a more "optional" mode of integration (Cafruny and Rosenthal 1993: 8). Once again, European integration stumbled forward in a contested attempt to accommodate tensions between unanticipated external events and conflicting internal pressures.

The TEU did yet contain principally important innovations of Community integration. First, an attempt at clarifying the demarcations between Community authority and national sovereignty was made, by emphasising in the treaty (article 3B) the so-called "subsidiarity principle". Rather than a step towards increased supranationalisation, this implied potentially significant restrictions on development of Community powers: "In areas which do not fall within its exclusive competence, the Community shall take action (...) only if and in so far as the objective of the proposed action cannot be sufficiently achieved by the Member-states" (article 3B). Second, the explicit allowance of exemptions, signified by the reservations of Denmark and the UK to join the EMU, the British "opt-out" of the new social policy agreement, and the voluntary Schengen-arrangement outside Community frameworks, implied acceptance of a more differentiated, multi-speed mode of integration. Altogether, these factors allowed the UK prime minister John Major to declare "game, set and match for Britain".

Another paradoxical element was that Maastricht became the hitherto most prominent example of popular mobilisation around Community issues; however in the direction opposite to that intended by its architects. While the European trade unions and many analysts had been concerned with the elite character of the "1992-project", they had foreseen the entrance of broader democratic and social forces in shaping the next phase of Community integration (Sandholtz and Zysman 1989: 122). The Maastricht process in many respects, however, became the symbol of even more elitistic politics based on shaky national and social foundations (Cafruny and Rosenthal 1993: 5). Quite contrary to the expected spill-over towards

political integration, the Maastricht compromise fuelled a polarization of views across Europe. While the leading actors praised the remarkable victory of European unification, an upsurge of popular protest and opposition was spreading within social and political movements in many of the member-states. The process of ratification hence turned into strong manifestations of the persistent strength of national sentiment and identity (Luthardt 1993: 67). Widespread concern about the Community's "democratic deficit", political legitimacy and fears about losses of national sovereignty almost stalled the subsequent ratification process in several countries. In Denmark the treaty was first rejected in a referendum (June 1992), but then accepted a year later, owing to the exemptions allowed the Danes at the Edinburgh Summit (December 1992). In France the people were divided in the middle, and the ratification was almost bogged down in the referendum (September 1992), whereas in Britain the ratification process met with great resistance and in Germany constitutional obstacles (Laffan 1993: 50).

Reflecting the inbuilt contradictions of the Maastricht compromise, the integrationist ethos of the treaty thus collided with an inverse logic of intergovernmentalist "re-nationalisation" during the implementation phase, finding justification in the opaque wording of the text and the subsidiarity principle. These contradictory tendencies were accentuated by the onset of economic recession, accelerating unemployment and currency turmoil in the aftermath of German unification, raising doubts about the credibility and feasibility of the EMU plans.<sup>3</sup> This represented a serious threat to the core of Maastricht settlement, which seemed contingent on continuation of the economic recovery of the late 1980s.

The Maastricht TEU hence became a new prominent example of the conflictual and cyclical character of Community integration; the interdependency between economic and political integration; the tension between supranational and intergovernmental forces; and the wide gaps between political declaration of intent and their practical implementation through "Realpolitik". This underscored the need for empirical research on how institutional changes and visions expressed in treaties actually affect the behaviour and strategies of social actors, and to which extent deliberate attempts of reform become distorted by unanticipated consequences and reactions. Such questions became particularly pertinent in the field of social and labour market policies where the peculiar Maastricht compromise allowed a dual treaty base, causing very contradictory interpretations among European trade unions, employers and politicians (see chapter 8).

To sum up, this overview of the longer-term trajectory of Community integration shows that the character and dynamic of European integration cannot easily be boiled down to a simple formula. As pointed out by W. Wessels, a review of attempts to address the nature of European integration confirms that "the 'acquis academique' shows a wide variety of paradigms, approaches, insights and results - reflecting great confusion over how to identify, describe, analyse and evaluate fundamental features of this strange beast in the realm of political systems" (Wessels 1997: 3). A quite widely accepted common denominator of recent research seems, however, to be that the emerging European polity represents a new kind of

international political regime marked by “multi-level governance” and a complex and not easily predictable interaction between economic and political forces at both national and European level.

#### **4.2.7 Implications for European social policy**

As for my analytical purpose – the conditions for developing European level trade unionism and social policy – especially two disputed features of the broader integration trajectory deserves attention. First, the question of the stateness and coherence of the institutional pattern of political authority at European level, assumed to have important implications for the kind of interest representation that is evolving. Second, the nature of the relationship between economic and social features of European integration, assumed to provide essential ramifications for the kind of social policy and trade unionism that might emerge at the European level.

As to the first issue, the emerging pattern of “multi-levelled governance” in the European Union seems effectively to preclude that European integration is moving towards a supranational federal state or any other form of state-like political entity that lends itself to analytical analogies fetched from past experiences of national state-building.<sup>4</sup> Whatever mode of supranational pooling of competences and institution-building that may occur, the nation-states seem to remain crucial entities of political agency, collective identity and interest formation. This implies that trade unionism and industrial relations at the European level hardly can be expected to mirror previous experiences of political exchange and encompassing corporatist class compromises known from the national level in the postwar era (Streeck 1995a, Ross 1994, Pierson and Leibfried 1995a, b).

As to the second issue, the persistent predominance of economic integration, underpinned by the legacy of market-making and monetarism ingrained in the “1992” project and the EMU, has apparently consolidated a trajectory of asymmetric European integration. That is, supranationalisation of political power has mainly been restricted to economic issues, whereas social and labour policy issues have been kept at the margin of the process. If continued, this implies that social policy and industrial relations policies at the European level will emanate from a conflictual interplay between actors and institutions carrying partly supranational, partly national and partly shared competences. Such a system of shared, multi-tiered social policy governance is likely to follow an unstable pattern of evolution that will imprint on the mode of trade unionism that is evolving.

Advocates of a “Euro-pessimistic” interpretation of EC/EU integration have tended to perceive the asymmetry between economic and social features as a result of fundamental “constitutional bargains” between the member-states on the one hand and between Community institutions and European business on the other (Sandholtz and Zysman 1989: 108, Streeck 1993: 3). Confirmed in the SEA and the Maastricht TEU, these bargains were conceived as lasting structural determinants of Community development, leaving negligible room for evolution of European social and employment policy (*ibid.*). Despite the Maastricht institutional reforms, the interests of European trade unions were therefore expected to remain subordi-



nated the interests of European business in unfettered market-making.

Advocates of a more "Euro-optimistic" interpretation, for their part, tended to insist that even though economic integration has predominated, the contradictory dynamics of integration allow more leeway for political change (Pierson and Leibfried 1995a, b, Ross 1994). The evolving pattern of negotiated European policy-making cannot be assumed to follow a logic of structural determination, but will expectedly continue to be shaped and re-shaped by shifting constellations of economic and political forces as well as by changing balances of institutional and political power.<sup>5</sup> Although such processes assumingly will continue to evolve in a cyclical manner, the long-term tendency towards extension of Community activity and fusion of competences and authority is likely to persist, according to Wessels (1997). If right, the implications of the Maastricht settlement for the Europeanisation of trade unionism and industrial relations will be contingent on the broader ebbs and flows of Community integration as well as on the strategies and capacities of the involved social actors to exploit the new institutional frameworks.

In order to assess the implications of the evolving trajectory of European integration for industrial relations and trade unions, a closer look at the emerging European system of economic governance and interest representation is required. These issues are analysed in the subsequent sections.

## **4.3 The renewed trajectory of economic integration**

### **4.3.1 Introduction**

From the establishment of the Community in the 1950s, development of the Common Market and the Customs Union had been the main pillars of European integration. The abolition of trade tariffs, however, had not prevented the build-up of entrenched national systems of market regulation. This implied that the Common Market had been divided into separate national markets surrounded by an extensive web of formal and informal protection against foreign competition. Diverse regulatory systems of fiscal, technical, environmental, labour and industrial policies, underpinned by elaborated systems of transfers and subsidies, were complemented by distinct national systems of economic and monetary policies, social security, incomes policies and collective bargaining. Nevertheless, the West European countries experienced a long-lasting period of persistent economic growth, low unemployment and low inflation, underpinned by the stable international context of the Cold War and the Bretton Woods system. Within this post-war configuration of prospering national capitalisms trade unions had become central partners of encompassing class-compromises in most European countries. This was the hey-day of Keynesianist thinking and corporatist policies, in which the idea of a European Economic and Monetary Union based on substantial Community budgets was launched for the first time.

With the onset of economic and fiscal crisis, unemployment, rising inflation and monetary instability after the break-down of the Bretton Woods system and the first “oil shock”, the European economies entered a lasting period of sluggish growth, resurgence of protectionism and beggar-your-neighbour policies. The Keynesian legacy became challenged by the “new” paradigm of supply-side economics, recommending structural market reform, combat of inflation, fiscal restraint and liberalisation of the “sclerotic” European economies from the overly costly and rigid systems of regulation, welfare policies and trade union influence. In parallel, the decreasing competitiveness of European business in global and domestic markets associated with the threat from Japan and the USA, and the evolution of new technology and more flexible, specialised and decentralised modes of production, associated with the declared end of Fordist mass production (Boyer 1988, 1996), accentuated the impression that the European economies needed a profound overhaul. With the failure of the French experiment of “Keynesianism in one country” in the early 1980s, a growing convergence of economic political thought evolved – including Social Democratic governments – emphasising the need for modernisation, deregulation and market reform. It was in this climate that the idea of creating a unified European home market came to be the center-piece of the Community “relaunch”.<sup>6</sup>

By choosing the single market project of cross-border market liberalisation as the unifying idea around which a new leap of European integration could be built, the disaffection of capital with Community policies could be overcome and “business could be brought back in” as a key promotor of European integration (Sandholtz and Zysman 1989: 117). Without entering the debate about the precise role of business in preparing the Community “relaunch”,<sup>7</sup> the “1992”-programme evidently found strong resonance in prominent circles of European industry. European multinational corporations centred around the European Roundtable of Industrialists vigorously argued for unification of the fragmented European markets. A booklet published by Phillips in the early 1980s proposed urgent action on the internal market: “There is really no choice, and the only option left for the Community is to achieve the goals laid down in the Treaty of Rome. Only in this way can industry compete globally, by exploiting economies of scale, for what will then be the biggest home market in the world today: the European Community home market” (cited in Sandholtz and Zysman 1989: 117).

Another aspect of the changing European political economy accompanying the Community relaunch was the evolution of a hard currency regime within the ERM system of fixed exchange rates, with the strict monetary policies of the German Bundesbank as anchor. Aimed at squeezing out inflation, disciplining budget policies and wage determination in the member countries, this formalised the succession of past policies of devaluations and Keynesianism in Europe with a monetaristic concept of economic policy (Notermans 1996). In view of the penalising role of financial markets in economies with free capital movement – illustrated by the decline of the Franc as a result of the French attempt to pursue expansive economic policies in the early 1980s (with Delors as Minister of Finance) – this change of paradigm was perceived by most European governments, including the Social Democratic, as an

inevitable adjustment to external constraints in the new economic environment. Even though most trade unions reluctantly accepted this view, it represented a significant change of the post-war frameworks of collective bargaining and economic-political concertation for most trade unions in Europe.<sup>8</sup>

Yet, after the Community "relaunch" in the mid-1980s the European economies experienced a remarkable economic upswing with the creation of 7 million jobs, accompanied by a significant convergence of macro-economic developments. The single market project seemed to become a self-fulfilling prophecy, reinforcing the growing "Euro-optimistic" atmosphere, thus smoothing the ground for the next grand leap of European integration: Introduction of a single currency and the EMU, launched in 1989 by the Commission president Delors in a report with the suggestive title "One market, One Money". Thus the second pillar of the emerging European economic-policy regime, eventually becoming the master-piece of the Maastricht reform, was introduced.

Both the single market project and the planned EMU represented at the same time a promise and a threat to European trade unions. Whereas the "1992 project" was envisaged to enhance growth and employment in the long run, it would intensify competition, industrial restructuring and job-losses in the short term. It was envisaged that the EMU would in the long run free the European economies from the restrictive hegemony of the German Bundesbank and the stranglehold of global finance markets. It could, further, be seen as a necessary intermediary step towards the creation of a European regime of macro-economic governance, including fiscal policies (ETUI 1990, Foden 1996), possibly providing opportunities for the reestablishing at the European level foregone national practices of expansive employment policies, in line with the notion of "Keynesianism in one continent" (Hyman 1994a: 13). In the short run, however, the strict criteria of convergence ingrained in the EMU project would imply harsh economic adjustments and cuts in public budgets, likely to aggravate the employment situation in the many debt-ridden member-states. Thus, even though both the single market and the EMU could imply future gains, the period of transition would impose heavy burdens on European trade unions. No surprise that the trade union reactions were marked by ambiguity, but in the end the ETUC and the majority of national unions supported both initiatives, assuming they would give momentum to the desired deepening of political integration.

#### **4.3.2 The single market regime**

The single market programme did not represent any new goals of the European Community. What was new was the binding time-schedule and the mode of decision-making and implementation anchored in the White Book and the Single European Act. By securing free movement of labour, capital, goods and services, removing technical and fiscal barriers to trade and safeguarding a level playing field of competition, the ambition was to merge the previous twelve divided national markets into one unified European home-market. Through the EEA agreement this aim was, with some exceptions, extended to include the EFTA countries.

Through intensified competition and benefits of scale, the "1992 project" was expected to give renewed impetus to growth and welfare benefits estimated at 4-6 per cent of the GNP of the EC countries (European Commission 1988b).

The underlying assumption was that a complex web of national regulations and protectionist practices in the member-states was obstructing efficient allocation of productive resources, disturbing competition and hampering growth, productivity and employment. Thus, the internal market was expected to reduce transaction costs across the borders by ensuring:

- free movement of capital, labour, goods and services;
- removal of technical obstacles to trade through harmonisation and mutual recognition of product standards and vocational certificates;
- removal of border controls;
- common rules of competition, regulating the conditions for business subsidies, market control etc.;
- opening of public procurement markets;
- harmonisation of indirect taxes and excises;

These measures were accompanied by substantial increases in the EC Structural and Social Funds to facilitate adjustment, stimulate development in the economically weaker areas and reinforcement of infrastructure and R&D-programmes, exchange of students and the alike, in order to encourage economic restructuring and rationalisation.

The potential benefits of the internal market were evaluated in a series of branch studies summarised in the so-called Cecchini report with the symbolic title "the Cost of Non-Europe" (European Commission 1988c). Despite the complexity of the Cecchini analysis and model calculations, the underlying rationale was simple: By abolishing national market protection intensified competition would stimulate efficiency, productivity and the competitiveness of European business particularly through economies of scale and European-wide restructuring of industries. This "supply side shock" was assumed would reduce costs and prices, stimulate demand and increase production. The initial "shock" would decrease employment as a consequence of restructuring and concentration, but subsequently the growth effect would enhance job creation. The Cecchini-report also suggested that the expected price reductions could give space for co-ordinated expansionary economic policy, assumed to enhance growth and employment further.

From a trade union point of view the expected benefits of the internal market were not as evident as suggested by the Cecchini report and the PR campaign accompanying it. Although the ETUC hesitantly welcomed the project, the trade unions doubted the optimistic estimates of the employment effects (ETUI 1988a: 27-8). They feared the restructuring would increase regional disparities and that the increased competition would prompt job-shedding rationalisation rather than job-creating investments, aggravated by the neglect of demand side policies to underpin the transition period. Southern unions feared massive job losses in their formerly

sheltered sectors, while the Northern unions feared relocation of production and undercutting competition from low-wage regions. The ETUC therefore tried to link their acceptance of the project to the demand for a social dimension to the internal market in order to inhibit competition based on low-wage/low-skill strategies and social dumping, together with large transfers to the weaker regions to ease the adjustment. The trade unions also criticised the deregulatory bias of the "1992" programme allowing market-making measures to be taken by means of qualified majority voting, while social regulation still required unanimity (ETUC 1985a, b).

#### **4.3.3 Towards a new multi-levelled regulatory system**

Of further trade union concern was the possible implications of the single market for national policies and regulatory systems in the realm of industrial relations, worker protection, welfare and employment policies. According to Fritz Scharpf (1996b: 141–2) the most important effect of the single market regime was to restrain the use of remaining national means of political regulation, owing both to supranational Community competition law and the eroding dynamic of "competitive deregulation". In the SEA, contrary to in the member-states, competition law was attributed a kind of constitutional superiority, implying that "the cunning of the idea has given legal primacy to neo-liberal postulates over the constitutions, statutes and established institutions of Member-states" (*ibid.*: 142).

The single market project thus signalled the advent of a new kind of multi-tiered regulatory regime, in which the most significant threat to national political discretion and unions was not so much associated with the transfer of regulatory competences from national to European political authorities as with the changing conditions for political regulation at the national level. In important areas like for instance regulation of product requirements, the principle of mutual recognition and new methods of standardisation amounted to a new form of negative integration that tended to replace the former emphasis on supranational harmonisation (Tørres et al. 1991). In practice this implied that regulatory competences to a large extent were delegated to semi-private standardisation bodies at the European level (such as CEN CENELEC and ETSI) in which the procedures for representation and decision-making followed neither the principles of political decision-making nor the traditions of corporatist interest intermediation known at the national level. Such a new semi-privatised regulatory system, assumed to be dominated by business interests, expertise and lobbying of diverse groups, indeed posed new challenges to national political actors and trade unions in particular (*ibid.*: 130–9).<sup>9</sup>

Despite the overall emphasis on negative integration, the interpretation of the single market as merely a project of deregulation has been questioned. From the mid-1980s, the significance of the mutual recognition principle was delimited by the introduction of the so-called new approach to technical standardisation according to which basic product requirements were formulated in framework directives in areas where essential safety and environmental issues were presumed to be at stake (Tørres 1993: 1).<sup>10</sup> The adoption of European product

standards did not preclude stricter national regulations of worker protection and procedures for the use of dangerous goods (Tørres et al. 1991: 47). In the field of health and safety at work strengthened competences of the Community based on article 118a of the SEA actually prompted enactment of a growing corpus of European legislation, substantially improving national protection of employees against dangerous work (Martin and Ross 1994, Streeck 1995a). Similar tendencies can be found in other areas, leading Majone (1993) to argue that the "1992 project" should be conceived rather as a programme of re-regulation. Conforming with new tendencies at the national level towards more differentiated forms of societal regulation, the changing mode of European regulation has thus been suggested to reflect a more general transformation of political governance associated with the emergence of a regulating state as successor of past forms of Keynesianist state intervention and redistribution (Majone 1993, 1996).

#### **4.3.4 Consequences for industrial relations - upward convergence, social dumping, or regime shopping?**

The transformation of the economic and regulatory environment of national economies gave rise to different interpretations of the consequences of the "1992" programme for national systems of industrial relations and trade unionism.

The conventional neo-classical view was that market integration would give general economic benefits, due to more efficient allocation of productive resources, hereby providing the basis for welfare growth and upward convergence of social and labour standards (Abraham 1993). Liberalisation of the markets would encourage investment and technological change and stimulate a "catching up" process in the less developed countries. Attempts at European-wide political regulations of for example labour standards would disturb this process by imposing excessive costs on low-productive economies, hereby pricing them out of the markets (CBI 1992). As European social policies would mainly serve as disguised protectionism on behalf of unions in the richer countries, labour market policies should continue to be a national responsibility, allowing the social partners and politicians to strike the proper balance between social and economic considerations (UNICE 1988). This view did not only correspond to the position of the main European employers' associations, but was also in line with the official view adopted by the Community in the Spaak report preparing the foundation of the EC in the 1950s (Brewster and Teague 1989: 51–3).<sup>11</sup>

A different interpretation was expressed in the concept of "social dumping", according to which a logic of downward harmonisation was foreseen, unless adequate political regulations at the Community level were put in place. This view was based on the assumption that cross-border liberation of markets would open up new opportunities for taking competitive advantage of low labour costs and social charges, poor welfare provisions and weak labour standards (ETUC 1988a). It was argued that the vast differences in the social wage of the Community countries would tempt national actors in economically weaker countries to exploit poor social standards and hence force actors in high-cost countries to lower their stan-

dards to maintain competitiveness. Hereby single nation-states could be faced with a Prisoner's Dilemma situation: Everyone would be better off by not lowering labour costs, yet no country had a unilateral incentive to abstain from social dumping (Abraham 1993: 314). Thus, "competitive deregulation is a game that no country can hope to win, but from which none is able to withdraw unilaterally" (Scharpf 1996b: 145). According to this logic a detrimental downward spiral of labour costs and social protection could be expected, presumably harming employment and production by inhibiting expansion of demand.<sup>12</sup> The desire to offset such unintended collective effects of seemingly rational micro-behaviour accordingly became a key argument for those advocating stronger social and labour policies at the European level - not least from the European trade union side.

The concept of social dumping is, however, vague and ambiguous.<sup>13</sup> Loaded with political and normative connotations, it highlights the complications that arise when the territorial boundaries around the normative and political communities in which national union policies are embedded, become blurred. While trade unions have always aimed at taking wages and working conditions out of competition within national borders, such issues were placed at the centre of competition in the extended single market, presumably urging a widened concept of labour solidarity. The extent to which this mainly represented a redefinition of the scope of trade union attention, a formalisation of already ongoing processes, or a "real change", has been contested. Wage differentials have always been an ingredient in international trade, but in practice they have been perceived as beyond the limits of national trade union influence. In this sense, the concept of social dumping usefully addressed the question of externalities of national policies and the issue of what is fair and just in international economic relations. The other side of the coin, however, was that the concept was wrapped in market metaphors, possibly creating unintended consequences. The assumption that social and labour policies have to be justified as means of correcting "market distortion" and safeguarding a "level playing field" might easily turn into a boomerang for trade unions. By embracing the term social dumping, complicated political issues and conflicts over interests between trade unions, capital and states can be mystified by the obscured notion of "objectively correct" market prices, whatever that might be (as amply demonstrated by the continuous struggles over economic dumping in the context of both the EC and the GATT/WTO). Accordingly, trade union references to social dumping have frequently been criticised as disguised protectionism on the part of unions in high-cost countries. Nevertheless, what seemed to be an evident consequence, if not intention, of the "1992 project", was that labour costs and labour standards attained increased importance and visibility as a parameter of competition.

A related but more elaborated concept introduced to capture the impact of the single market on national industrial relations was regime competition (Streeck 1991). While the social dumping thesis was associated with trade-related perceptions of cost competition, the regime-competition thesis focused on the broader political and regulatory impact of free capital movement within an environment of sovereign nation-states. The basic mechanism was that companies subject to regulations they found objectionable gained improved opportuni-

ties to "vote with their feet" by moving to another jurisdiction with a more favourable regime, and they might do so without losing access to their original market (*ibid.*). Whether capital objections concern social charges, wages, working time, taxes, infrastructure, financial provisions or labour standards, the option of relocating or reorienting investments was assumed to give capital an upper hand in negotiations with unions and governments (Dølvik et al. 1991a: 156; Dølvik 1993a: 24). According to Streeck (1991), anticipation of the "exit" option of capital was likely to put a chill on all kinds of regulatory initiatives at the national level. A Gresham's Law mechanism would be set in motion, whereby regimes with weak regulations would crowd out regimes that imposed more-difficult-to-meet standards (*ibid.*: 337).<sup>14</sup> Moreover, the imperative of EC competition law to remove discriminatory practices against foreign companies would create domestic pressures for removal of discriminatory national regulations, for instance in favour of specific industries exposed to global competition, natural monopolies, cartels, and between public and private agencies, further worsening the conditions for political effectiveness of national policy (Scharpf 1996b: 142-3). Hence, the impact of global competition would assumingly become domesticated and diffused into sheltered sectors as well.

The mechanism of "regime competition" was hotly debated in Germany in the late 1980's. In the so-called "Standort-Deutschland" debate,<sup>15</sup> the central issue was that owing to its high labour costs, short working hours and advanced labour regulations, Germany could become less interesting as a location for investments: — "Die deutsche Mitbestimmung ist nicht nur Hemmschuh auf dem Weg zu einer wünschenswerten Vereinheitlichung des europäischen Unternehmensrecht. Sie bildet möglicherweise auch ein negatives Element für die Entscheidung neuer ausländischer Investoren für die Standortwahl in Deutschland", warned the employer association BDA (*Handelsblatt* 27.5.1988, Felder 1991: 59). German unions feared that investors would use the opportunities offered by capital market liberalisation to escape from high wage regimes of the North and move southwards where wages were lower and unions weaker. The mere threat of such moves was assumed would weaken trade union bargaining power: "Nimmt die Tarifpolitik eines Landes nicht zur Kenntnis, was um sie herum geschieht und erhält sie von den Investoren im europäischen vergleich schlechte Noten, wird das mehr denn je zu kapitalverlagerungen in anderen europäische Länder führen" (Pohl 1992). The "Standort-debatte" recently attained renewed attention associated with the crisis in German economy and the vast outflow of capital, most conspicuously to the close low-cost economies of Central Europe, but also to other (mainly high-cost) EU countries.

As suggested, the impact of "regime-competition" was not only assumed would discipline trade unions, but also expected to exert decisive influence on government policies. Through the provision of favourable "Standort" qualities, such as infrastructure, supply of qualifications, competent networks of subcontractors, as well as a business friendly cost and tax structures, regions and nations were increasingly expected to compete with each other for attracting investments and jobs (Busch 1991).<sup>16</sup> Through its power of "locational arbitrage" international capital was envisaged to employ "whipsaw" tactics against governments and unions



vying for investments and jobs (Ebbinghaus and Visser 1994: 5). While the impact of locational competition to some extent has been countered by the adoption of European standards in fields like consumer products and workers protection, it can be expected to increase in those fields not covered by European regulation (Scharpf 1996b: 146). This concern in particular fields of great importance to production costs such as environmental regulation, social security, collective bargaining and systems of taxation and redistribution, "where locational competition is being fought out with all its destructive consequences for the social welfare and industrial relations systems built up over the decades" (ibid.: 146).

The indirect labour costs imposed on producers vary considerably between EU/EEA countries, ranging from a very low level in Great Britain and Denmark and a modest level in the other Nordic welfare states which predominantly are financed by general taxes, to around 50 percent in several continental countries such as France, Italy and Belgium where social security to a much larger extent is paid by employers and employees.<sup>17</sup> Accordingly, in a recent case where Renault removed production from Vilvoorde in Belgium to Valladolid in Spain, indirect labour cost differentials were referred to by the company as an important element of the decision (Financial Times 10.3.1997). Owing to the incentives to tax competition (and thus tax harmonisation) stemming from the single market, a shift of the tax burden from mobile capital to immobile factors like housing and labour has been expected, likely to increase the pressures on the welfare state, particularly in continental EU countries with a strong component of occupation-based social security systems (Scharpf 1996a: 14).

Thus, under the single market regime the legacy of the post-war welfare states became challenged by the legacy of the "competitive state" in which policies are determined by the perceived demands of success and survival in the international economic system (Rhodes 1992: 28, Cerny 1990). According to Scharpf (1996b: 144), "the outcome is that member-states and unions will be forced into much further-reaching concessions to firms than would have been conceivable before the completion of the internal market". This logic has ultimately been foreseen to lead to the subordination of national states into mere "hotel hosts" for internationally mobile capital where trade unions are reduced to transmission belts of transnational competition (Mahnkopf and Altvater 1995: 101).

Altogether, for those who did not believe in the virtuous invisible hand of the liberated European markets, and trade unions usually do not, the "1992 project" seemed to represent a severe challenge to established forms of industrial relations and trade unionism in Europe. Despite the fact that a number of questions can be raised as to the generality, speed and strength of the assumed impact of "regime competition", trade union fears have been fuelled by a number of incidents, seemingly confirming the gloomy predictions. The perhaps most spectacular examples have been the Hoover case where the US corporation shifted production from France to Scotland where local unions offered more profitable conditions (Le Monde 28.1.93) and the recent Renault case, where the French company planned to close a profitable plant in Vilvoorde outside Brussels and move production to Valladolid in Spain. Besides the claimed indirect labour cost differentials, the latter decision was evidently influ-

enced by the promise of public investment subsidies, enabled by transfers from the EU structural funds – so-called “aid-shopping” (Financial Times 10.3.1997). This caused the paradoxical situation that measures taken by the EU itself, with the deliberate aim of supporting industrial development and transition of the weaker economies into the single market, collided with the legacy of “a level playing field”, highlighting the conflict between competing perceptions of distributional justice and fair competition. While national trade unions have frequently referred to such employer attempts to exploit the “exit option” to obtain bargaining concessions, the aggressive British campaigns for attracting investments by advertising their deregulated labour markets (Invest in Britain 1993) have been another example of “regime competition” dynamics, certainly not tempering member-state governments to forge ahead with labour reform (Hall 1994a). So, it is probably no coincidence that the pace of labour reform has been stalled in many West-European countries in recent years, whereas efforts at flexibilisation and deregulation have gained strength. Again the most prominent case is Germany, where employers have recently called for a profound overhaul of the collective bargaining system in the direction of the Anglo-Saxon model and the government has launched attempts to deregulate worker protection in order to improve competitiveness and attractiveness for inward investments (Bispinck 1996: 97, 115, Financial Times 10.1.1996, 21.8.1996).

#### **4.3.5 The limits to regime competition – some critical remarks**

Despite its convincing simplicity and logical force there is reason to be somewhat sceptical of the deterministic and functionalist flavour ingrained in the capital-driven, regime-shopping thesis (Traxler 1996a: 272), envisaged to cause a (creeping) convergence of industrial relations in direction of deregulation.<sup>18</sup> First, it would seem appropriate to recall that the development of encompassing welfare states and industrial relations systems in Europe actually took place in parallel with increasing economic interdependence and market integration during the post-war era. Growing economic interpenetration, cross-border competition and direct foreign investments have been an inherent element of the international economy for decades and have long put pressures on national labour and welfare policies (Dølvik et al. 1990). Nonetheless, what have often been perceived as the most advanced solidaristic systems of welfare policies and industrial relations actually evolved in the small open economies of countries like Austria, Belgium and Scandinavia, where wage bargaining has been explicitly designed to accommodate foreign competitive pressures (Katzenstein 1985, Boyer 1996: 17). Moreover, the supposed decline of national political discretion can hardly be blamed on the internal market project alone. In recent years free capital movements have been almost universally introduced, suggesting that the “1992”-programme largely implied a formalisation of developments which had already been long underway and probably would have been reinforced anyway, owing also to the ongoing reforms within GATT/WTO and the OECD. Yet, the single market clearly accelerated and extended the process and, perhaps more importantly, made it more difficult for national states and unions to design counter-strategies to buffer the competitive pressures (Scharpf 1996a).

Second, after the wave of cross-border mergers and acquisitions accompanying the preparations of the single market, mostly between the central member countries, the predictions of massive relocation to low-cost areas of the Community have not been confirmed. Investment patterns in Europe have appeared to be relatively unresponsive to labour cost differentials in EU countries and seem predominantly to conform with past trends of concentration in the most advanced high-cost European countries, apparently guided more by the motive of market presence than by the minimising of labour costs.<sup>19</sup> This presumably reflects that, owing to productivity differentials, the unit labour costs for the European economy as a whole differ only slightly between the member-states (Schubert 1996: 257, Tsoulakis 1993: 160). This might suggest that competition in the single market, also owing to product market segmentation, takes place more between the high-cost countries than between high and low-cost countries in the EU/EEA (Scharpf 1996b). A possible exception is that the UK has attracted an increasing share of inward investment in Europe in recent years. This is presumably influenced by the language factor, but might also fit the assumption that companies search for havens with weakened unions, friendly regulations and low total labour costs. The most significant tendency insofar as outward relocation is concerned, however, seems increasingly to be the removal of production from the EU/EEA to the close Central European countries, if so representing a larger threat to high-cost employment in the EU/EEA than low-cost competition from inside.<sup>20</sup>

Third, if it is true that advanced high-quality, high-value-added production is the most viable option for producers of high-cost countries, and such competition primarily takes place between "northern" high-cost countries, lowering of labour standards may appear less relevant and even counter-productive (Boyer 1995, 1996).<sup>21</sup> Porter (1990), arguing that demanding domestic markets and customers, skilled labour, tough environmental and social regulations, complex trust relations and high commitment in production are crucial prerequisites for innovative capacity and long-term competitiveness, suggests that "regime competition" might also cause pressures towards offering the most sophisticated social and institutional context of production. According to advocates of the "regime-competition" thesis, such macro-considerations are irrelevant for the numerous decisions of each individual company, which in sum constitute the new competitive context of the single market. In their view, the mere threat of relocation tend to provide employers with an upper hand and an option to play workers off against each other, even though it might be asked how credible such strategies will be if/when trade unions learn to co-operate across the borders and compare information of corporate performance indicators. It might also be asked whether the general "regime-competition" thesis contains a converse fallacy of aggregation by not distinguishing clearly enough between what seems rational on the micro-level in the short term, and what seems rational from a national macro-perspective in the longer term. Even though companies exert tough pressures on governments and national organisations to obtain concessions, the latter still represent the majority of companies, sectors and employees competing in national markets. According to Boyer (1996: 5), "the role of this single factor (regime-shopping) should not be overstated", first, because "the fraction of total employment linked to foreign invest-

ment is significant but not overwhelming for most developed countries", second, because foreign investment flows and internationalisation of production are not as new and rising as often claimed (*ibid.*: 5). The extent to which the representatives of internationally competing companies and sectors can achieve political support for their demands is thus contingent on complex domestic political processes, power relations and institutional factors of industrial relations. As an example, the supposed eroding effects of the single market for the national welfare states assumed to follow from pressures to reduce indirect labour costs, and thereby the financing of social expenditure, are contingent on the institutional design of the welfare state; that is, the degree to which the welfare state is financed by general taxation versus levies on production factors (Scharpf 1996a, Dølvik and Olsen 1994).

Fourth, when discussing the impact of capital mobility on national industrial relations it is important to distinguish between financial capital and production capital. The former is indeed highly mobile, but the mobility of the latter is presumably influenced by a multitude of physical, economic and social considerations. Even though production in multinational companies can be shifted more readily than before, investments in productive infrastructure and evolution of skills, organisation, human capital, co-operative labour relations and qualified sub-contractors, are long-term operations. Direct foreign investments have indeed grown rapidly in the 1980s, from around 0.6 percent of GDP in developed countries in 1970–81, to around 4 percent in 1988, but in the 1990s have declined, according to Boyer (1996: 4), mainly because of the Japanese crisis. Still, considering the level of direct foreign investment for Western developed countries at 3 percent before World War I, "what seems totally new to contemporary observers is currently not" (*ibid.*: 5).<sup>22</sup> Boyer accordingly suggests that internationalisation of production cannot account for the drive towards social deregulation, "the first reason for destabilisation in the previous industrial relations systems is therefore to be found within the transformations of the productive system" (*ibid.*: 7). In this view the shift from Fordist mass production towards more flexible and differentiated modes of production has prompted erosion of the organisational and institutional pillars of the post-war class compromises, changed the balance of power and strengthened pressures for transformation of industrial relations from within (*ibid.*: 8–9). Thus, what was new with the single market regime was perhaps not so much the trend towards internationalisation as the way it interacted with forces of change within the national systems of production, institutions and politics likely to stimulate very different national responses, depending on the characteristics and robustness of the economic and political configuration in each country (Dølvik 1993a: 14).

As noted by Traxler and Schmitter (1994: 25), the credibility of employer regime-shopping tactics depends on the actual conditions of competition where, in fact, product as well as labour markets are protected by a variety of well-entrenched segmentation processes and sheltering devices. The strongest tendencies toward erosion of existing arrangements are therefore in their view likely to come from those national economies which primarily compete in mass markets with narrow price margins and high unit costs, while "member-states whose economies are internationally competitive in advanced market segments for high-

value-added goods are less likely to be affected by social dumping to the extent that their competitiveness is secured through corporatist systems of labour relations" (ibid.: 25).

Accordingly, Traxler and Schmitter discord with the expectations of a convergent deregulation of European industrial relations in the single market: "Labour relations systems tend to be self-referential and not given to passive and isomorphic structural adjustment. Thus it is hardly imaginable that Europe could repeat the US's well-known *circulus vitiosus* of product-market deregulation, increased competition between unionized and non-unionized enterprises, union-busting firm policies and destandardization of labour relations. The reason lies in the more inclusive nature of labour relations in Europe. Most importantly, there exists (with the important exception of Great Britain) effective mechanisms for the generalization of wage agreements, eliminating one major incentive for enterprises to pursue anti-union policies" (ibid.: 25). On the contrary, with reference to the demands for productive innovation and improved competitiveness they suggest that "only stable systems of interest concertation with institutionally well-embedded co-operation of labour-market actors will be capable to take on new 'supply-side' corporatist functions. All this implies not convergence but lasting divergence in European industrial relations" (ibid.: 26).

And, in fact, in contrast to the general trend towards decentralisation and flexibilisation that was predicted in the late 1980s (Baglioni and Crouch 1990), comparative studies in the early 1990s fitted better with a picture of persistent diversity of industrial relations in western Europe (Ferner and Hyman 1992).<sup>23</sup> Political ambitions of legislative deregulation could indeed be noted in many countries, but were in practice often limitedly implemented and the flexibilisation of labour markets was predominantly pursued through negotiated change within inherited frameworks of industrial relations (Hyman 1994c, Traxler 1994). Thus, when considering predictions of a uniform deregulation of European labour markets it seems wise to recall that "in discussing about the future of industrial relations and social legislation, it is important to clearly distinguish intents and statements from actual practices and transformations" (Boyer 1996: 10), and take account of the proposition that "the structural adaptations of institutions will not simply mirror external changes but rather will follow a path-dependent trajectory determined by its particular mode of embeddedness" (Traxler 1996a: 272).

#### 4.3.6 Summary

To sum up, it seemed, first, indisputable that the single market regime represented a significant transformation of the regulatory frameworks of industrial relations and trade unionism in Europe. Trade unions became confronted with a new multi-levelled regime of more differentiated forms of regulation, implying that they increasingly would have to compete with other interests in new arenas at both the national and the European level. Interwoven tendencies of European centralisation and national decentralisation added to the complexity. Therefore, unions presumably could not more restrict themselves to defending their historical role as privileged quasi-public partners of corporatist exchange within the nation-state. They would have to learn to promote and defend their interests at a multitude of levels and

arenas, urging development of new competences and forms of organisation both at home and abroad in order to make their voice heard in the new European context (Dølvik et al. 1990).

Second, the competitive logic instituted by the single market regime amounted to a significant change of the economic context in which trade unions were struggling. The enhanced conditions for smooth cross-border mobility of productive factors and the associated restrictions on political intervention would clearly delimit the political capacity of national authorities and trade unions to correct undesired effects of market competition. Moreover, the balance of power between labour and capital could be assumed to tilt in favour of the latter, owing to the capital "exit option" and the associated logic of "regime competition".<sup>24</sup>

Still, as suggested above, it seemed reasonable to be sceptical of deterministic analyses of the consequences of the single market for national industrial relations. The politics of locational competition could be expected to be influenced by a broader range of factors than one-eyed cost-minimizing calculations of rational corporate leaderships, including complex political, social and institutional processes of more sticky and contradictory character than frequently assumed. The development might therefore become less unilinear than assumed in the "Euro-pessimistic" scenario of an irresistible trend towards deregulation and erosion of national policies of industrial relations and trade unionism.

A third lesson from the above analysis is that the assumed decline of national political capacity and the increased transnationalisation of capital and production flowing from the "1992" project gave new strength to the demand for Europeanisation of trade union policies and employment regulation. To counteract employer "whip-saw" tactics, prevent engagement in beggar-your-neighbour policies and a downward harmonisation of national employment regulation, trade unions evidently were urged to develop means of cross-border co-operation in transnational companies, closer co-ordination of national collective bargaining, and establishment of a floor of common labour standards at the European level. The collective action problem could, however, be expected to be considerable, reflecting the disparate economic situations, competing interests and the diversity of national trade union institutions in Europe.

## **4.4 EMU and the evolving European regime of macro-economic governance**

### **4.4.1 Background**

The expected positive medium-term employment effects of the single market were widely held to be contingent on the macro-economic policies and rate of growth accompanying its completion (Boyer 1990, European Commission 1988b).

With the onset of recession in the early 1990s, the kind of European macro-economic regime ingrained in the EMU decided at Maastricht became all the more critical for European trade unions. As mentioned, the concept of an Economic and Monetary Union was first launched in the early 1970s, then with fairly ambitious aims of fiscal integration, but the project evaporated during the subsequent economic crisis. Also the current EMU plans were born during an economic upswing (in the late 1980s) and have met with great obstacles during the eventual recent recession. In contrast to the Werner-plan, however, the obliging time-schedule and programme of implementation laid down in the Maastricht TEU seemingly left no doubt that the project would be implemented before the end of the decade, representing a profound challenge to trade unions at both the national and European level. "Virtually all national and European institutions will be affected, from the forms of competition to budgetary policy, to say nothing of taxation, the dynamic of technical change and the functioning of labour markets. (...) an institutional shift that in the longer term requires structural compatibility between a single monetary system and a number of different national or regional regimes governing technical change, pay determination (and) state intervention (...)" (Boyer 1994: 81).

#### **4.4.2 Main features of the EMU**

The TEU programme for establishing the EMU contained a wide-ranging programme for the eventual establishment of a Single European Currency and a system of European Central Banks (ECB). Modelled after the German Bundesbank, the ECB should be independent and mandated to pursue common monetary policies, having price-stability as its prior operational goal. Thus, when implemented, EMU would imply a complete transfer of competences in monetary policies from the participating nation-states to the "supranational" ECB, even though the exchange rate of the single currency is to be decided by the Council (Abraham 1996: 98). To complement the monetary integration and inhibit fiscal free-riding, the TEU also provided mechanisms and procedures for establishing common economic policy guidelines and a system of multilateral surveillance of the member-state's economic policies, even though fiscal policies should remain a national prerogative.

To ensure sufficient convergence of the member-state's economies to establish a single currency, the TEU laid down a detailed programme for implementation of the EMU. Most importantly, strict convergence criteria concerning price-stability, budget deficits, public debt and interest rates were defined, which the member-states would have to fulfil in order to qualify for the so-called third stage where the exchange rates irrevocably shall be fixed. In order to reach the criteria in due time, each member-state has been obliged to pursue national convergence-programmes which for many member-states have implied harsh adjustments of economic policies in order to cut public budget deficits, reduce the debt-burden and secure low inflation. Given that several member-states can not be assumed to fulfill the criteria and that Denmark and Britain obtained "opt-out" clauses, the EMU programme implied a multi-speed mode of monetary integration.

Without going into the complex issues of when, under what conditions, and after which kind of decision-making procedures the third stage might be implemented, the TEU left unanswered a series of principle questions concerning the political and constitutional aspects of the EMU programme. Conflicting interpretations about how many member-states actually will have to be qualified, how strictly the convergence criteria shall be applied, what scope there is for political judgement and choice, and whether member-states are obliged to join the third stage if qualified, have caused persistent political tension and uncertainty (Dølvik ed. 1994).

Owing to the role of national currency and monetary policies as a symbol of identity and sovereignty, as well as a central means of economic policies, the EMU project has raised complicated questions also for trade unions. A transfer of monetary policies from the nation-state to the European level changes the conditions for national economic policies, labour market developments and collective bargaining. The EMU will thus "raise problems and dilemmas similar to those (...) with which national unions have been confronted during their history within each national experience, but that are now to be dealt with at a new supranational level" (Bordogna 1996: 300).

The main economic rationale for EMU is to reduce transaction costs and increase predictability, thereby assumed to stimulate investment, growth and economic integration (Schubert 1996: 252, EC Commission 1990). Moreover, in a world of free capital movements a common currency will eliminate destabilising and speculative financial flows and preclude competitive devaluations among the participating states. Offsetting the restraining effects of international finance markets on national economic policies, this is also assumed to reduce interest rates and increase the scope for and effectivity of fiscal policies. According to M. Aglietta (1995, in Albert 1996: 269), each "country will be placed in a financial context much broader than its own and will benefit from one interest rate, that of the Union as a whole, to finance temporary deficits to support the economy. Thus rising interest rates, the normal result of the financing of a budget deficit in a single country, will be avoided. It is obvious that, in a Monetary Union, using the budget as regulating instrument will be highly effective." However, as codified by the Growth and Stability Pact agreed at the Dublin Summit (December 1996) and confirmed at the Amsterdam Summit (June 1997), strict rules will be applied also after the single currency is established in order to inhibit fiscal free-riding from undermining the credibility of the common monetary policy.

The obvious hurdle is the period of transition, where the budget deficits and the accumulated debt problems of many EU states have had to be brought down substantially during a period of economic downturn and rising unemployment. According to the official EU view this is a necessary and sound cure for re-establishing conditions for increased (medium-term) growth. Otherwise the interest burden resulting from the rising national debt would increasingly throttle all room for manoeuvre in economic policy and in terms of public investment and fulfilment of welfare tasks of the state (Schubert 1996: 252).<sup>25</sup>

The other side of the coin is that the simultaneous pursuit of such deflationary policies in a large number of EU states, implies a danger of large parts of the EU being locked into ongo-



ing depression in the EMU (Foden 1996: 278, Notermans 1996). Besides deploring the disruptive social effects and erosion of EU credibility among ordinary people suffering from the social cut-backs, the ETUC has therefore repeatedly argued that the one-sided convergence programmes can be self-defeating as the reduced demand will hit output and employment and thus strangle the foreseen growth effects (Foden 1996: 280). Similar concerns about the detrimental employment effect were expressed in an unpublished Commission report from 1993 (Financial Times 13.8.1993). Accordingly, the author of the so-called MacDougall report of the Commission, evaluating the conditions for an Economic and Monetary Union in the 1970s, has expressed "fear that an attempt to introduce monetary union without a much larger Community budget than at present would run the risk of setting back, rather than promoting, progress towards closer integration in Europe" (MacDougall 1992, in Foden 1996: 278).

Therefore, as with the single market project, the EMU process raised again for European trade unions the delicate problem of comparing costs in the short run with benefits in the long run (Bordogna 1996: 301). The long-term benefits appeared uncertain, however, and likely to be fairly unevenly distributed. As argued by Boyer (1997), the Growth and Stability Pact recently agreed to govern economic policies after the single currency is introduced, combined with the need to convince finance markets about the credibility of the "Euro", suggest that the deflationary bias of the transitional period may very likely become a permanent phenomenon.

Still, assuming that the curbing of speculative financial flows will create a monetary climate more conducive to productive investment, the ETUC has hoped that EMU will contribute to a shift away from the current short-term "casino-capitalism" or "shareholder" economy, towards a "stakeholder" economy, facilitating a longer-term focus on production and jobs. A central premise for the ETUC discussion has been the view that the Western European economies were already *de facto* governed by a European central bank, notably the German Bundesbank, reflecting the anchor role of the German Mark (Foden 1996: 275). Given the ERM-regime of fixed exchange-rate policies installed in most member-states throughout the 1980s, the EMU could thus largely be conceived as a formalisation of already existing realities (Streeck 1995a), realities that in principle might enable development of a common monetary policy that takes account of broader national and societal needs than those catered for by German monetary authorities.<sup>26</sup> The ETUC has furthermore perceived the EMU as a necessary means for promoting build-up of stronger political capacity at the European level in the field of fiscal policy, taxation and employment policies (Foden 1996: 277). However, such trade union expectations were calmed by the modest steps towards political integration taken at Maastricht (and confirmed at the recent Amsterdam Summit 1997).

The lacking political accountability of the ECB, the focus on price stability and restrictive monetary targets, together with the lack of compensatory employment and growth measures to ease transition in the Maastricht TEU, therefore triggered doubts about the EMU project in many European trade unions. The subsequent economic downturn and the virtual collapse of

the fixed exchange-rate regime of ERM "Black Wednesday" (September 1992), raised further trade union questions about the viability of the project. Despite the harsh social consequences and strong union protests against the national convergence programmes in countries such as France and Germany, the ETUC and the bulk of national trade union confederations have chosen to maintain their basically positive approach to EMU. The principle support, however, has increasingly been complemented with warnings that the project would lose credibility unless a more flexible application of the time-schedule and convergence criteria and complementary employment policies were adopted (Foden 1996: 281-3). As stated by the ETUC general secretary, E. Gabaglio, "achieving EMU with 20 million unemployed people is simply utopianism" (Agence Europe 16.2.1996).

Nevertheless, given that both Community leaderships and national governments have seemed committed to move ahead towards the single currency before the millennium, European trade unions have to prepare for radical changes in the framework of economic policies, labour markets and collective bargaining at both the national and European level in the years ahead.

#### **4.4.3 Implications for national industrial relations**

When/if the single currency is realised, it will not only affect the core of participating countries. Also the countries not included in the first round (the "outs") will face strong pressures to adapt their policies to that of the EMU "core", both in order to qualify for entrance at a later stage and to ensure monetary credibility. Moreover, to protect the core against attempts by the "outs" to take advantage of the situation, for example by competing devaluations, strict procedures for regulating the relations between "ins and outs" are being worked out in the form of a reformed ERM-system.

Put simply, the main consequence of the single currency is that national governments cannot any longer use interest rates to stabilise the domestic economy or adjust the exchange-rate of the national currency to accommodate external economic imbalances. The main effect of this on national labour markets and collective bargaining systems is that the burden of adjustment to "economic shocks" and disparate developments of productivity and competitiveness between member-states to a much larger extent will have to be carried by labour market mobility, wage flexibility or unemployment (Busch 1991: 269-70, Boyer 1994: 116).<sup>27</sup> As made clear in the Delors report on EMU (1990): "Wage flexibility and labour mobility are necessary to eliminate differences in competitiveness in different regions and countries of the Community. Otherwise there could be relatively large declines in output and employment in areas with lower productivity" (ETUI 1990: 19). Furthermore, "real wage flexibility does not apply only to the effects on the labour market situation of the loss of the exchange rate instrument, but is important for the situation on the labour market in general. This implies that real wages have not only to adjust to shocks in international competitiveness, but also to domestic shocks such as productivity changes or movements of other factor prices" (ibid.). According to Mahnkopf and Altvater (1995: 104), trade unions are thereby "forced into the

role of 'lock-keepers', (co-)responsible not only for national economic welfare but also for the smooth functioning of the European internal market".

Assuming price stability and that labour mobility between Community regions and member-states is very limited, development of nominal wages under the single currency will in general have to be linked to productivity if competitiveness and jobs are not to be lost (Busch 1991: 269). Already under the ERM regime a notable reduction of real wage increases and a convergence of nominal wage growth could be observed (Boyer 1994: 100–2).<sup>28</sup> In situations of national economic down-turn these constraints imply that trade unions can be forced to negotiate nominal wage cuts as a means of restoring employment, a lengthy and painful process indeed for employees and trade unions. A complementary government strategy can be to substitute "social devaluations" for monetary devaluations, in order to cut costs, reduce imports and transfer resources from public sector to private export-oriented production (Dølvik 1993a, Blanpain 1992). In other words, monetary integration together with the single market can be assumed to reinforce pressures towards more convergent wage developments across countries and more differentiated wage structures within countries (Mahnkopf and Altvater 1995, Marginson and Sisson 1996b). Moreover, while monetary devaluations are prohibited by Community law, the weak regulation of social issues implies that competition on social production costs most likely becomes fiercer, if so reinforcing the dynamic of "regime-competition".

There are, indeed, conflicting perceptions among economists as to the adequacy of monetary devaluations or floating exchange rate regimes as alternative means for coping with economic shocks (OECD 1992: 6–7). It is, however, indisputable that currency realignment has been a persisting and important mechanism for rebalancing the profound differences in productivity, costs and inflation between Community member-states throughout the last decades (Dell'Arringa et al. 1992: 1–2, Busch 1991: 271). From an international trade union point of view, currency devaluations have an ambiguous function, however. A currency depreciation tends to shift the burden of unemployment and economic problems from workers in one country to those of other countries and readily triggers retaliating measures and dynamics, tending to encourage protectionist zero-sum games (Bordogna 1996: 304). In many cases devaluations have also tended to reproduce inflationary pressures and price-wage spirals with negative long-term real economic consequences. Nonetheless, given the inherent disparities of economic development, currency alignments have been an important "safetyvalve" for national adjustment policies that has sheltered trade unions from more painful measures in times of crisis. Unless a radical shift towards increased convergence of real economic developments between member-states occurs, national industrial relations systems will therefore be faced with increased strains within EMU. Besides the pressures for wage flexibility and differentiation, the tight EMU budget criteria and increased focus on social wage costs will in many countries pose constraints on social security systems and public sector pay determination (Dell'Arringa et al. 1992: 4–7, Miller 1993).

Altogether, with the single currency the whole social fabric of industrial relations and wel-

fare policies will become more pivotal in national economic adjustment policies, suggesting that the political-institutional implications will be significant.<sup>29</sup> Combined with financial liberalisation and the single market, the single currency is according to Boyer (1994: 115), "indicative of a transition to a new era, since the characteristics of the economic regime are being completely redefined. This represents a historical transition from a series of national labour standards to a single European monetary standard."

While some authors have suggested that this transformation will lead to increasing convergence of industrial relations in Europe (Jacobi 1997, Teague 1997), others have expected reinforced divergence (Traxler and Schmitter 1995, Boyer 1994, 1996). As shown by Calmfors and Driffil (1988), and reinforced by Traxler et al. (1996), comparative studies have revealed a hump-shaped relation between the capacity of economic adjustment, performance and industrial relations systems. That is, both highly decentralised systems as in the UK and the US, and highly centralised systems as in Austria and Norway, have tended to show better results than countries where collective bargaining at the intermediary (sectoral) level has predominated. This presumably reflects different mechanisms of adjustment, ensured by the discipline of market forces imposed on company bargaining in decentralised models and the tendency of strong encompassing actors to anticipate externalities of collective bargaining in centralised models (and in models with strong indirect co-ordination across sectors, as in the more decentralised German system of pattern bargaining). According to these studies, the systems least capable of accommodating wages, employment and macro-economic policies have thus been the intermediary models predominating in most continental EU countries, where sectoral bargaining has been strong enough to resist market adjustment for core workers, but has suffered from a weak co-ordinating capacity to take into account detrimental external employment effects, herewith causing the "insider/outsider" problem claimed to ride many European labour markets (Lindbeck and Snower 1988).

Thus, even though the EMU will encourage cross-national convergence of production and wage costs within sectors, it can be expected to cause very divergent institutional responses. The trend towards labour market flexibilisation and more inequality is likely to be reinforced in decentralised models; renewed efforts at corporatist concertation can be expected in centralised countries, whereas intermediary systems will presumably come under strong pressures to adapt – either in direction of market-driven adjustment or a corporatist mode of adjustment.<sup>30</sup> In accordance with this view, countries like Ireland, Italy, Spain, Belgium and Germany have recent years actually tried to reinstall tripartite concertation as part of their convergence programmes, but with varied success (ETUI 1996). Evidently, the institutional prerequisites of corporatist exchange are easier to dismantle than to build. What seems undisputed, however, is that if the industrial actors are not capable of adapting the system of wage setting to the new context of EMU, "variations in unemployment levels may well replace those in exchange rates as the key variable in macroeconomic adjustment" (Boyer 1994: 116).

#### 4.4.4 Implications for industrial relations at European level

Given the challenges of the EMU on national policies, the question arises as to its conceivable implications for the evolution of industrial relations at the European level. With a single currency, the transparency and comparability of prices, wages and income across national frontiers are enhanced. This can be assumed will stimulate cross-border exchange of information both between employers and trade unions as a means of calculating bargaining claims. With converging prices, interest rates and wages paid in the same currency, it becomes less conceivable that workers employed for example in the same multinational company will accept cross-national differences in pay. This may strengthen incentives to "arms-length" co-ordination of collective bargaining across national borders (Marginson and Sisson 1994, 1996a, b). Accordingly, unions from low-wage countries have expressed hopes of a "catching-up" process of wages within the EMU, whereas unions in high-wage countries have feared the opposite.

The recent German monetary unification illustrated the forceful dynamics towards wage approximation within a single currency area, but the closeness and potential degree of mobility and national community between East and West Germany obviously make this a particular case. Moreover, the adverse unemployment effects and the immense transfers required to accommodate the process in Germany underscored the problems of rapid monetary integration between areas with great disparities in productivity and competitiveness (Busch 1992, Altvater and Mahnkopf 1993). It also highlighted the demand for fiscal stabilisers, which are absent at the European level.

Nevertheless, it is realistic to assume that collective bargaining in a monetary union will become more closely interlinked across national boundaries (Jacobi 1996, 1997), although in a dual way. Comparison and transparency will imply pressures for harmonisation of wage developments, while disparities in productivity and competitiveness will imply pressures for differentiation. This "double bind" is likely to be reinforced by the pursuit of common monetary policies. Even today integration of financial markets and interest rate policies has created linkages between the development of wage costs in different countries (in the core Deutsch Mark zone actually shadowing each other). If, for instance the IG Metall has achieved wage increases that have caused the Bundesbank to raise German interest rates, this immediately affects the interest rates, real wages and the scope for collective bargaining in the neighbouring countries, leading for example Belgian unionists to label the IG Metall as a "Social Bundesbank" (Dølvik 1993a).

In the EMU these interdependencies might be reinforced, but not unequivocally. The European Central Bank will surely take into account the effects on prices and demand of member-state wage developments when determining its interest rate policy. As "undue" wage increases in one country may have direct spill-over effects in other countries, there is according to the Commission "a need for wide-ranging co-ordination between the stability-oriented monetary policy on the one hand and the budgetary and wage policies on the other" (Schubert 1996: 257). Under the single currency trade unions, especially in small countries,

will be freed from the disciplinary effects of international financial markets, often prompting national authorities to offset wage increases by interest rate adjustments or deflationary policies. This enhances the possibility of "free riding", giving rise to a potential aggregation problem at European level. Therefore, the pursuit of European monetary policies can be expected to create incentives for some kind of European level co-ordination of pay developments (Jacobi 1996). As stated by the former president of the Bundesbank, Pöhl, "even before the inception of the monetary union the basic willingness of both sides of industry to pursue a wages and income policies geared to the operating conditions of such a union must exist." (ETUI 1991a). Similarly, the Delors-report on EMU emphasised that "efforts would have to be made to convince European management and labour of the advantages of gearing wage policies largely to improvements in productivity" (ETUI 1990: 19). It was also indicated that "at the Community level, information and consultation procedures regarding the externalities of wage bargaining results could take place in the context of the multilateral surveillance and through a dialogue between the social partners at European level" (ETUI 1991: 5). Accordingly, the ETUC Congress in 1991 decided to start preparations for development of European collective bargaining and called for Community reforms to enhance this.

As pointed out by Peter Hall (1994b), the relatively successful German experiences with an independent central bank pursuing strict stability oriented policies have been based on a well-functioning institutional system, facilitating self-regulated accommodation between monetary policies, co-ordinated wage bargaining and fiscal policies (*ibid.*: 9–16). In the absence of such mechanisms at the European level, "the control of inflation in a European monetary union may prove more difficult and more costly, in terms of unemployment or missed growth" (*ibid.*: 17). To compensate for the likely absence of co-ordinated wage bargaining and fiscal policies, Hall suggests that a European central bank may have to apply more draconian policies than those of the Bundesbank to attain low inflation (*ibid.*: 19).

The Maastricht EMU provisions, however, provided no institutional mechanisms for incomes-political consultations about wages and macro-economic developments at European level. The Council of Finance Ministers (ECOFIN) has nonetheless gone quite far in formulating views on appropriate wage increases in the member-states as a part of its guidelines on economic policies, particularly concerning public sector pay rises (ETUC Economic Policy Committee 10–11.2.1992). In the view of European trade unions this has drawn attention to the possible emergence of a "tacit" unilateral intergovernmental co-ordination of European wage policies from "above", accentuating the question of whether development of a kind of European incomes policy could be an appropriate and necessary response.<sup>31</sup> The ETUC has thus repeatedly called for direct dialogue between the social partners and ECOFIN concerning macro-economic policies. Development of European incomes policies would, however, first require a considerable increase in the capacity of the European social partners to ensue binding co-ordination of their respective national affiliates; and, second, a build up of budgetary powers at the European level which today seems quite unlikely.

#### 4.4.5 Implications for the ETUC

As described above, the plan for moving ahead towards an Economic and Monetary Union presented in the late 1980s and confirmed by the Maastricht TEU, was perceived by European trade unions as likely to have far-reaching consequences for labour market policies, wage determination, industrial relations and trade unionism at both national and European level.

For the ETUC the challenges of EMU triggered a dual policy response. As indicated above, the ETUC gave conditional support to the creation of EMU, however, emphasising criticism along five dimensions: (1) The lack of political accountability and governance of the European Central Bank (political deficit); (2) the narrow focus on monetary targets, leaving out goals for real economic development like employment and growth (monetarist bias); (3) the lack of fiscal policy mechanisms capable of complementing monetary policies and of ensuing stabilisation, regional coherence and inhibiting downward tax-competition and social devaluations (fiscal co-operation deficit); (4) the bad timing and narrow interpretation of the convergence programmes, implying that in time of recession this could reinforce the unemployment crisis (pro-cyclical policy fault lines); (5) the lack of appropriate provisions in the social field, which could enhance establishment of a European industrial relations system matching the requirements of co-ordinated collective bargaining in EMU (social deficit) (ETUC 5–6.3.1992, Foden 1996, Coldrick 8.12.1995).

The ETUC has thus persistently raised demands for a build-up of fiscal and employment policy capacity at the European level and underpinning of the transition period by demand stimulus to prevent the EMU locking the European economy into a deflationary regime. Despite limited success and rising scepticism among union memberships, support for the EMU has persisted, presumably based on the assumption that the alternative might be even riskier: The prospect of fragmentation of EU monetary co-operation and increased protectionism, reinforcing competitive pressures on social standards, would most likely represent a serious blow to further political and social integration (Foden 1996: 285).

In the field of collective bargaining the EMU was assumed would prompt contradictory impulses towards (1) differentiation and decentralisation (for adjustment purposes); and (2) centralisation and co-ordination to contain cost increases (for securing coherence of macro-economic policies). Although it was very unclear how these contradictory pressures could be met, according to Mahnkopf and Alvater amounting to an imperative to “square the circle” (1995: 102),<sup>32</sup> some kind of Europeanisation of collective bargaining appeared inevitable.

Thus, as in the case of the single market, the EMU confronted the European trade unions with the dilemma of weighing significant short-term costs against uncertain future gains, within an overall context of integration that seemed far more favourable to the interests of capital than those of labour. As the changes at the time seemed both unavoidable and crucial to the whole integration project, however, European trade unions appeared to be locked within a trajectory where the only viable option was to move ahead and work for a change in the dominant neo-liberal and monetarist thrust of the evolving European regime by demanding more political integration and development of a complementary regime of EC/EU social

policy and industrial relations. These issues accordingly constituted the agenda of the ETUC Congress in 1991 (see section 6.5.6) and came to be at the heart of the negotiations over EC social policy reform at Maastricht and the subsequent process of trade union Europeanisation throughout the 1990s.

## **4.5 Interest representation and decision-making at Community level – towards “Euro-pluralism” or “Euro-corporatism”?**

### **4.5.1 Introduction**

With the structural changes in the European political economy from the late 1980s, the question how trade unions could influence political developments at the European level came to the fore. What kind of political and institutional “opportunity structure” was available to trade unions at the European level?

Throughout the 1960s and 1970s the limited importance of Community social policy for national industrial relations and the intergovernmental mode of decision-making had implied that trade unions paid little attention to European interest representation. To the extent matters of particular national interest were at stake, it usually sufficed to convince the national government that all that was needed was a veto, the implication being that that the national route of influencing Community policies predominated among the trade unions.<sup>33</sup> With the expected erosion of national political capacity and the increased degree of supranational regulation flowing from the single market and the TEU, the picture changed. In order to compensate for domestic losses and recapture power at the European level, trade unions seemingly had no choice but to strengthen their capacity to influence Community policies.

The conditions for accomplishing such an undertaking were not promising, however. Contrary to the predictions of early neo-functionalists like Haas (1958), no coherent system of social interest representation or “Euro-corporatist” political exchange, enabling unions to influence the broader parameters of Community policies, had been established. The complex institutional pattern of Community decision-making and distribution of authority was not easily accessible and appeared more like a Byzantine tower of Babel than anything resembling domestic systems of political exchange, where the trade unions had enjoyed a privileged quasi-public status. As political authority was dispersed between a number of partly overlapping, conflicting and competing institutions, and the number of lobbying interest groups was proliferating, an opaque system of voluntarist, pluralist interest representation seemed to be taking shape (Streeck and Schmitter 1992). In this section I outline the external conditions for trade union interest representation at the European level in the early 1990s and refer some main lessons from recent research.



#### 4.5.2 Community decision-making and the target structure of organised interests

Political decision-making at the European level evolves through complex, multi-layered and time-consuming processes of consultation and negotiation (Jachtenfuchs and Kohler-Koch 1996). While the supranational Commission has proposed new legislation, the representatives of national governments in the Council of Ministers have decided, usually by consensus, although qualified majority voting with the SEA and the TEU became allowed in a growing number of areas. Thus, in order to influence the development and design of Community policy, interest groups have principally had to target the Commission, while in order to influence the final outcome they have had to target representatives of national governments, thus giving rise to a dual track of interest articulation at the European level (Gorges 1992, Greenwood et al. 1992). With the Community relaunch this picture became more complicated, reflecting both the enhanced role of the European Parliament and the delegation of regulatory functions to a number of independent bodies, as referred to in the area of standardisation. Through the new procedures of consultation and codecision established by the SEA and the TEU, the European Parliament gained increased importance as addressee for interest groups in a number of issues (Kohler-Koch 1996). Besides these three principal interlocutors of European interest groups, a vast flora of formal advisory bodies, like for instance the Economic and Social Committee established in 1957, and numerous informal expert committees and networks have been developed around the Commission to provide expertise and input into the process of policy-formation. Furthermore, it should be underscored that the European Court of Justice exerts significant influence on development of EC/EU legislation through case law (Joerges 1996, Weiler 1995). Beyond the reach of lobbying, the possibility of bringing cases in for the ECJ nevertheless provides a fourth track of defending or promoting social interests at European level.

Considering in addition that the formal pattern of authority and procedures of decision-making and consultation between the various institutions vary significantly between different areas and stages of EC/EU policy-making, it should be clear that the pattern of interest representation at the European level can hardly be boiled down to any simple formula. A common denominator of research on European interest representation has been the emphasis on fragmentation, pluralism and diversity, precluding any uniform, hierarchical order of corporatist interest-intermediation at the EU level (Streeck and Schmitter 1992, Greenwood et al. 1992). Yet, several studies have pointed to the growing importance of policy communities and networks of organised interests and representatives of European institutions in shaping the evolving mode of European governance, suggesting that the "Gestaltungs-macht" of organised civil society interests can sometimes be significant (Kohler-Koch 1996: 218). Owing to the predominant "logic of influence" and the lack of a coherent interlocutor of state authority, together with the difficulties of interest aggregation stemming from "the logic of membership", however, both the organisation and strategies of European interest groups have distinguished themselves significantly from past national experiences (Traxler and Schmitter 1994).

#### **4.5.3 Interest representation at Community level – a brief overview**

The evolving pattern of European interest representation has been strongly influenced by the segmented authority structure and varying degree of supranational decision-making in different policy areas and sectors (Sargent 1985, Greenwood et al. 1992). The generally oriented, advisory Economic and Social Committee set up in 1957, comprising nationally appointed representatives of employers, labour and other civil organisations, thus never gained the central role as interlink between social interests and Community policies it was originally envisaged (Compston 1992, Platzer 1991a). Interest groups rather tended to organise along sector and policy-specific lines. Typically, the European Coal and Steel Community (ECSC) which enjoyed extensive supranational powers to regulate production in the concerned sectors, stimulated national business and labour interests to engage in extensive policy-exchange at Community level (Haas 1958: xii). Studies of management of the European steel crisis in the 1970's and 1980's likewise suggested that "the institutional framework and the decision-making process in Community steel policy is eminently suited to reveal the neo-corporatist pattern of procedure at a supra-national level" (Grünert 1987, in Greenwood et al. 1992: 7). Similar features of organised influence have been traced in the agricultural sector where the Community controls vast powers and budgets (Grant 1993), while sectors with weak Community powers have been characterised by fragmented organisations and predominance of interest representation at the national level (Sargent 1985).<sup>34</sup>

While the degree of supranationality had been slowly growing during the first phase of EC integration, the strengthened national veto-rights introduced by the Luxemburg compromise in 1966 implied that the importance of the European level declined for most organised interests (Gorges 1992: 4). Still, in areas where the Community controlled powers and resources for sectoral policies, development of European interest organisations continued to grow. Besides the prototypical agricultural sector, Joint Committees between labour and employers were for example set up by Commission assistance through the 1960s in sectors like inland waterway, sea fishing and rail transport. The intention of the Commission was that they should contribute to the construction of a European system of industrial relations and foster free collective bargaining, however, with limited success (ETUI 1993, EIRR 244/1992).

After the new impetus to European integration in the early 1970s the Commission made renewed attempts to promote coalition building with European associations. After the Paris Summit in 1972 a specific Social Partners office was set up within the Commission DG X and the "social partners" were granted preferential treatment connected to social and employment questions (Sargent 1985: 239). Also the number of consultative bodies, ad-hoc committees and expert groups, often with representation of national interest organisations, continued to mushroom, leading in some sectors like the agricultural and social policy area to adoption of a style of interest-intermediation with certain corporatist features (ibid.: 240–41). These tendencies have partly been considered as an attempt to boost the position and legitimacy of the Commission itself, at the expense of member-state influence via the Council, partly as a reflection of the Commission dependence on external sources of information and

expertise. Combined with the Commission role as a mediator between different national and EC actors, this left opportunities for interest groups to influence the premises and the process of policy shaping (Lodge 1989: 41). In consequence a complex network of reciprocal and symbiotic relationships evolved between the Commission and the growing number of European and national interest groups (Greenwood et al. 1992: 24). As the process of Community policy-formation is not just a matter of size and power, but also of finding workable technical solutions to regulation and accommodation of complex national rules, even small actors can sometimes obtain decisive influence through coalition-building and by exerting conceptual skill and cleverness (Tørres et al. 1991: 13).<sup>35</sup> It has thus been suggested by some authors that the evolution of Community policy networks ingrains contours of a new mode of discursive governance where the role of public actors is transformed more into mediator and facilitator, while the development of common categories of understanding and concepts of problemsolving attain growing importance (Jachenfuchs and Kohler-Koch 1996).<sup>36</sup>

An important constraining factor has been, however, the compartmentalised structure and insufficient co-ordination of the Commission way of working (Lodge 1989: 38, Haaland-Matlar 1997). This has favoured specialised and sectoral associations rather than representatives of cross-sectoral interests such as trade unions. While ETUC has enjoyed extensive and privileged contacts with the DG V, responsible for Social Affairs, Labour Market and Industrial Relations, it has had great difficulties getting access to the general directorates responsible for competitive policies and sectoral policies, which are often of vital importance to industry unions (Platzer 1991a, ETUI 1993).<sup>37</sup>

In the 1970s the Council too was triggered by national practices of neo-corporatist concertation into promoting social partnership at the EC level. The Ministers of Social Affairs and, later, the Ministers of Economic and Financial Affairs invoked a series of tripartite conferences bringing together the Euro-peak organisations of business and labour with national servants and European officials. They met six times until 1978, discussing a wide range of macro-economic and social policy measures: Full employment, inflation wage restraint, fiscal policy, worker training and productivity measures. A Standing Committee on Employment with tripartite representation was established (and still exists). These efforts came to naught, and were brought to an end in 1978 when ETUC, which had been the main instigator, withdrew. As business representatives showed no enthusiasm and representatives of the national governments kept silent and unwilling to get involved in any binding discussions, the ETUC saw no point in continuing the exercise (Compston 1992: 10). This experience clearly demonstrated the difficulty of developing centralised interest politics without a real state interlocutor (Streeck and Schmitter 1992: 204). In general, the EC Council, where decisional power is ultimately located, has been difficult to approach for organised European interests. Compared to the fairly open, coalition-building style of the Commission, the Council has been marked by more closed, diplomatic procedures of decision-shaping, with the COREPER (Committee of Permanent Representatives) as an important arena for alliance-building and

compromise-seeking between different national interests (Lodge 1989: 45). As a gatekeeper between the European system of decision-making and the national systems, the COREPER has been an important target for national interest groups via their respective government representatives, among trade unions often leading to the problem of bypass and competition between national organisations and their European umbrellas (Röthig 1993, Lanza 1992).

Reflecting their restricted political access and influence opportunities, most of the European peak organisations in the 1960s and 1970s primarily functioned as clearing-houses for different national interests (Grant 1993, Greenwood et al. 1992). Conversely, their national component groups were reluctant to give Euro-organisations independent powers, implying that only a few were able to pursue common causes and to bind affiliated members. Accordingly, the Commission often by-passed Euro-groups, dealing instead directly with important national organisations (Sargent 1985: 244).

With the new impetus to European integration in the mid-1980s a significant shift towards Europeanisation of interest representation and lobbying was reported (Mazey and Richardson 1993, Andersen and Eliassen 1991a). A growing tendency towards approaching the European institutions directly and towards establishing cross-national coalitions was reported (Andersen and Eliassen 1991a). Again attempts were made to establish social dialogue between employers and trade unions at Community level, but the so-called Val Duchesse talks convened by the Commission led to little (see chapters 5 and 7). Community lobbying, however, accelerated. While most organisations trying to influence Brussels in the early 1980s represented industry-based business interests, actors from other sectors, companies, and new types of actors such as professional lobbyists (accounting firms and legal advisors), representatives of counties, cities and associations in the field of culture, education, social services, environment, entered the Brussels scene in the late 1980s (ibid.: 6). Also national employers' associations and trade unions, e.g. the Swedish, Norwegian and Italian union confederations, set up their own offices. Still, among the groups recognised by the Commission, industrial and commercial employers' interests accounted for almost 50 percent, for a further 25 percent agriculture and food, service sectors for around 20 percent, trade unions, consumer and environmental interests 5 percent (Mazey and Richardson 1993: 7).

The growth of Brussels-based interest groups and business lobbyists accentuated the picture of fragmentation and dis-organisation, leading many observers to conclude that interest representation at European level increasingly took on a logic of competitive pluralism similar to the dynamics of American pressure groups (Streeck and Schmitter 1992).

#### **4.5.4 Analytical approaches and interpretations**

Both trade union debate and theoretical discussion about the opportunities for labour influence on Community policies have been influenced by the tradition of corporatist analysis, with a focus on the conditions for establishing institutionalised forms of political exchange between governmental agencies and labour and business organisations (Streeck and Schmitter 1992, Traxler and Schmitter 1994).

### *The corporatist point of departure*

The debate on corporatism evolved as an attempt to understand the reciprocal relationships that developed between the state and major organised interests in Western countries in the post-war period (Grant 1985: 1), associated with the growing importance of interest representation through the "corporative channel" compared to the "numerical channel" of democratic influence (Rokkan 1967).

In an ideal-typical distinction between pluralism and corporatism as styles of interest intermediation, Schmitter (1977: 9) defined "pluralism as characterised by multiple, voluntary units, not licensed, supported or controlled by the state, and not exercising a monopoly within their category of interests. Corporatism is characterised by a limited number of units, recognised or licenced by the state, and granted a representational monopoly within their category of interests". Schmitter has also distinguished between a corporatist style of interest intermediation and a corporatist mode of policy formation, "in which formally designated interest associations are incorporated within the process of authoritative decision-making and implementation. As such they are officially recognised by the state not merely as interest intermediaries but as co-responsible 'partners' in governance and social guidance" (Schmitter 1981a: 295-96). The incentive for the state involvement in such arrangements has been to build support for the enactment and implementation of its policy by granting privileged participation to interest groups sufficiently powerful to deliver the support of its benefiting constituency (Grant 1985: 3f).<sup>38</sup> Thus, "through an osmotic process, they develop a symbiotic relationship with the state, so that the legitimacy of the state becomes in part reliant on the active consent of recognised interest organisations" (ibid.: 10).

Corporatism has usually not been seen as a result of some "grand design", but has been conceived of as an unintended outcome of disparate interest conflicts and policy crisis in which none of the class or state actors involved was capable of imposing its preferred solution upon the others (ibid.: 7). Corporatist arrangements have thus often been an outcome of second-best compromises which no one really wanted or defended openly, thus leading to their general invisibility, their uneven distribution and their precarious legitimacy, according to Grant (1985: 7).

As the state has had to share its former exclusive power, "what is left is an amorphous complex of agencies with ill-defined boundaries, performing a great variety of not very distinctive functions", in the view of Schmitter (1985: 33) – a description seemingly well suited to portrait important features of the emerging Euro-polity. In the debate over European interest intermediation it is also worth reminding that the concept of corporatism does not necessarily refer to an overall societal model of governance, corporatist arrangements can flourish in particular sectors and at different levels, irrespective of a macro level framework (Williamson 1989: 17, Grant 1985).

Compared to the picture of dis-organised, competitive lobbying reported to be evolving in Brussels, the corporatist concept refers to the primary role attributed to organisations anchored in the basic division of labour in society. Labour and capital are not simply pressure

groups like any others, they are assumed to be less variable in their identification of interests and more powerful in relation to other groups, representing the institutionalisation of class interests and power resources.

*Euro-pluralism, corporatism and beyond*

In the early days of European integration neo-functionalists assumed that the interplay between organised interests and European institutions would become a powerful motor of integration (Haas 1958), resembling in many respects the neo-corporatist concept of political governance (Streeck and Schmitter 1992: 199).

In reality, however, things developed otherwise, leading scholars inspired by the corporatist approach to view the evolving pattern of interest representation at the Community level in terms of pluralism, competition and neo-voluntarism (Streeck and Schmitter 1992: 200): "Compared to the paradigmatic national political systems of the time, interest representation around and within the Community was always much more 'pluralist' than corporatist; more organizationally fragmented; less hierarchically integrated; more internally competitive; and with a lot less control vested in peak associations over their affiliates, or in associations over their members."

Accordingly, rather than Euro-corporatism, "more likely appears an American-style pattern of 'disjointed pluralism' or 'competitive federalism', organized over no less than three levels, regions, nation-states and 'Brussels'" (ibid.: 227). The main reason for this pattern of evolution was in the view of Streeck and Schmitter "in a nutshell (...) that in the uniting supra-national Europe, it was not only the case that labour was and continues to be under-organized, but there also was never a real possibility of a mutually organizing interaction effect, a Wechselwirkung, between labour and the two other majors players in the political economy, capital and the state" (Streeck and Schmitter 1992: 204).

The claimed pluralist and voluntaristic character of the EC/EU system of interest representation was thus seen as resulting from the lack of a coherent Community state authority with the capacity to provide incentives and coercive force to enhance the establishment of powerful, centralised interest organisations rooted in civil society: "Organized interests thus have had no other choice, even if they have been otherwise inclined, than to maintain a strong national base and to cultivate established national channels of influence" (ibid.: 208). Besides the absence at the European level of "anything resembling a balance of class or sectoral forces" and the lacking Community capacity to establish Keynesian economic policies (essential for national arrangements of concerted political exchange), representatives of European "classes, as well as other forces in civil society, have to compete for control over the newly emerging central field of governance with a qualitatively different set of players: a number of already existing (...) nation-states" (ibid.: 218).

Having to pass through "the narrow needle's eye of intergovernmental negotiations" (Streeck 1994: 157), favouring non-decisions and negative integration, associations with interest in broader, positive integration have been structurally disadvantaged at the European

level, both vis-a-vis member-states and associations promoting producer-interests in deregulation, in the view of Streeck and Schmitter (1992: 206–7). Business has accordingly chosen to work through a great variety of specialised intermediaries and prevent establishment of a strong peak association, further inhibiting the development of centralised corporatist exchange (*ibid.*: 206).

The general “pluralism at EC”-thesis has been questioned by scholars from the pluralist tradition and scholars inspired by institutionalist and network analysis (see e.g. Greenwood et al. 1992, Mazey and Richardson 1993, Kohler-Koch 1996). Suggesting that traditional tools used to recognise expression of interests at the national level should be set aside, at least temporary, Greenwood et al. (1992: 2) have argued that the “transnational level will exert a qualitatively different set of dynamics from those of the national level.” They criticise the “pluralism at EC-thesis”, first, for a misconceived search for a kind of idealtypic European “mega-corporatism” similar to past macro-corporatist practices at nation-state level. This implied in their view application of judgement criteria which had become obsolete even in most nation-states and overlooked that the corporatist tradition has been strongly oriented towards the study of developments in particular policy-areas and at sector-level, where similar features could in fact be traced at the European level (*ibid.*: 5). Second, the pluralist-thesis was criticised for lacking a theory of the “state” at Community level. By stressing the fragmentation of the EC state, pluralism became a kind of “anti-theory” (Jordan 1990, in *ibid.*), circumventing the problem of understanding the nature of Community authority and its relations to interest groups (*ibid.*: 5). Third, the general reference to weak associations and that main Euro-groups are merely federations of federations, lacking necessary authority and capacity to act on behalf of their affiliates, was by Greenwood et al. claimed to be “overstated”. On this background, fourth, they warned against precipitated generalisations and stressed the need for concrete studies of how social, sectoral and territorial cleavages influence interest policy formation at the European level, and how such divisions interact with existing modes of national interest representation.

All in all, Greenwood et al. challenged the “pluralist-thesis” by arguing that the relations between the EC and interest groups were not following a competitive, pressure group logic, rather they were of a reciprocal and symbiotic nature, based on power-dependence relationships and exchange within a growing web of policy networks and coalitions (1992: 6). Similarly a number of authors have in recent years suggested that the most adequate approach to understanding the particularities of Community interest intermediation is network analysis.<sup>39</sup> Along this line Lehmbruch (1991: 126) has argued that more emphasis should be laid on analysing the configurative aspect of European interest intermediation as “a structure made up of complex linkages between organizations, agencies, and other institutions, the dynamic of which is not always sufficiently understood” (in Mazey and Richardson 1993: 252). Such “complex configurations” can be delineated in the notion of “policy networks” being part of broader processes of institutionalisation of political governance at the European level, by Kohler-Koch suggested to ingrain contours of a new kind of co-evolution

of the system of politics and organised interests at European level (1996: 209).<sup>40</sup>

Still, despite different interpretations of the nature of interest intermediation that has been evolving at the European level, there has been little disagreement about the historical imbalance between business and labour influence on Community policies and that business in general has managed to organize and influence more effectively than labour and from much earlier.<sup>41</sup> The superiority of business interest representation has been assumed to reflect that sector associations and specialised groups tend to be of greater significance than peak associations in influencing European politics (Streeck and Schmitter 1992, Greenwood et al. 1992: 240). As product market regulations have occupied the centre-stage in the efforts of socio-economic regulation at Community level, the "fragmented and sector-specific structure of Euro-Trade associations should correspond better to the fragmented and sector-specific handling of policy by the Commission and other, newly emergent, European agencies" (Traxler and Schmitter 1994: 19). It has further been assumed that business associations at Community level have been advantaged of group size (members are large firms), more resources, better communicative equipment and fewer steps to climb in aggregating interests (Greenwood et al. 1992: 240). Whereas the Europeanisation of capital interests mainly has been directed towards business as a producer group, and less towards business as an employer, the inclusiveness of trade unions, focusing cross-sectoral interests and relying more on peak-level co-ordination, has been conceived as less suited to match the complex interlocutor structure at European level (Schmitter and Lanzalaco 1992, Lanzalaco 1992). The fragmentation of business associations, however, has given rise to problems of employer co-ordination in cross-sectoral issues such as social and employment policies (Platzer 1991a: 186, Tyszkiewicz 1990), although this has also been suggested as representing an effective way of blocking development of corporatist social policy-making (Streeck and Schmitter 1992: 206).

Much of the disagreement about the kind of interest representation evolving at European level thus seems to reflect different levels of analysis. Whereas Streeck and Schmitter (1992) traced strong pluralist features at the macro-level, Greenwood et al. (1992: 248), on the basis of several sector-studies, reported that "it is impossible to draw the conclusion that interest intermediation at the European level is clearly of either a corporatist or pluralist nature. (...) While some arrangements may be characterized as neo-corporatist in character it would be premature to generalize by using broad labels such as 'corporatist' or 'pluralist' to describe interest-group-EC relations. Patterns are too fragmented and do not lend themselves to such generalizations" (ibid.: 239). Against this background it seemed to be a need for more specified studies of the kind of interest intermediation that is evolving in different fields of Community policies and how such patterns are shaped by the particular configuration of institutions, organised actors and Community policy competences in the actual area under study, in my case, the social policy field.

To sum up, at the threshold of the 1990s, the pattern of decision-making and institutions of interest representation that had accompanied European integration was not encouraging for



trade union aspirations towards regaining power at the supranational level in order to influence the broader economic and political parameters of European integration.

## **4.6 The new economic and political configuration of European integration – the challenges to trade unions**

According to Traxler and Schmitter (1994: 25), the changing economic and political trajectory of European integration that has been described in this chapter confronted “European trade unions with one of their greatest challenges in their history”. In this section I refer, first, to the general reactions of the ETUC to the Maastricht treaty reforms; second, I review the main strategic dilemmas European trade unions were faced with, hereby sketching the central issues to be analysed in the subsequent parts of this thesis.

### **4.6.1 ETUC and the Maastricht reforms<sup>42</sup>**

The official ETUC approach to European integration in many respects mirrored its close relations with the Commission and the strategic circles around Delors. In this perspective the Maastricht treaty reform was perceived as a natural and necessary follow-up to the single market project, whereby it was hoped market integration would give ground to further political, social and regional integration, raising the demand for extended supranational powers and democratisation of the Community.

Divergent national views on European integration prevailed within the ETUC, but influenced by the strength of the continental unions and the new “Euro-optimistic” spirit of the late 1980s, the ETUC Congress in May 1991 went very far in calling for federal European “state-building” in the run-up to the Intergovernmental Conference at Maastricht.

#### *ETUC demands and reactions*

The central ETUC demands to the Maastricht Summit were formulated in the ETUC General Congress Resolution of May 1991, entitled “The European Trade Union Movement at the Heart of the Changes in a Changing World”. Here the European Community was seen as “the principal instigator of change” and confidence was expressed that “within the new Europe which is emerging, democracy, economic and social progress and cultural exchanges will ensure European cohesion based on a strong European Community” (ibid.: 3). With reference to the accelerating structural and technological change stemming from the single market “a new model of economic development” was called for, based on “more common policies in the social and economic fields” where extended Community powers “should go hand in hand with further political democratisation and the use of qualified majority voting, which should become the rule for Community policies” (ibid.: 6).

ETUC demanded increased budgetary capacities of the Community and powers to promote harmonisation of taxes, enforced regional, environmental and industrial policies, and sup-

port was given to the Economic and Monetary Union, although not unconditionally. According to the ETUC, "EMU priority must be given to the general goals of full employment and cohesion, the proposed European system of central banks must be democratically accountable to the European institutions, particularly to the European Parliament, and an advisory structure should be created to involve the social partners" (ibid.: 8).

Calling for "political democracy", ETUC suggested that the IGC should "initiate a genuine procedure to democratise the Community institutions, resulting in European Union in the form of a democratic and social federation of the Member-states" and "the IGC should mandate the European Parliament to draw up the constitution for European Political Union".

Measured against such ETUC demands the results of the Maastricht Summit were fairly disappointing. Despite the symbolic declarations about "political union", the Maastricht treaty reforms provided only modest steps in this direction and the European Community remained anchored in a legacy of co-operation between nation-states, rather than becoming a state itself. "Read as a whole, the Treaty is not about people's Europe, but about state's Europe" (Nicholl 1993: 21) and the present EU was still far from being a supranational state (Traxler and Schmitter 1994: 5). On the contrary "the emerging polity is becoming increasingly characterised by a variety of relatively independent arrangements among different institutions with partially overlapping resources and separate power bases and memberships, that is, without the unified central authority that would mark its transformation into a supranational stato" (ibid.: 12).

In consequence, for the European trade unions and the ETUC, the Maastricht reforms clearly did not match their expectations. In an assessment entitled "Declaration on the Treaty on European Union" adopted by the ETUC Executive 5–6 March 1992, it was stated that the treaty reforms:

"is an important turning point in the history of the Community and indeed in the future development of Europe as a whole. Whilst it clearly represents progress, in that it identifies the bases of the future union, it does not, however, yet offer a satisfactory balance between the economic and monetary dimension and the political and social dimension (.....). This imbalance, arising from the highly liberal approach on which the Treaty of Rome and the Single Act were based, makes the democratic and social deficits all the more evident" (ETUC 5–6 March 1992: 1).

Criticising the inertia of the intergovernmental procedures, the ETUC called for the 1996 IGC to redress these shortcomings and face the Community's "federal vocation". Deploring the lack of democratic reform, the resolution expressed hope that the evolution of the treaty, despite its weaknesses, might pave the way for a veritable "European constitution" (ibid.: 3).

The ETUC, as mentioned, welcomed the Treaty provisions for introduction of the EMU, conceiving

"EMU as being part of the answer rather than part of the problem – i.e. that economic and monetary integration of the European economies is happening anyway, and that what is required is the empowering of democratic-accountable institutions so as to regain at the European level those powers to manage our economies which have increasingly been lost at the national level" (ibid.: 3).

Strong criticism was voiced, however, that too much emphasis had been placed on monetary integration and not enough on economic union, and that the Maastricht convergence programme if applied in a mechanical way “could lock the Community into policies which could propel into a serious recession” raising serious questions about the EMU timetable. The ETUC thus deplored the likelihood that the ECB would be subject to minimal democratic accountability such that it could pursue price stability single-mindedly; and that many governments would find themselves unable to pursue rebalancing fiscal policies because of the strict government deficit and convergence criteria, potentially aggravating regional disparities (ibid.: 4, 9, 10). The ETUC further warned against the dangers of tax competition for welfare policies and claimed that the reliance on monetarism and “free market” forces had failed in solving the problem of growth, unemployment and cohesion.<sup>43</sup>

Still, as an overall conclusion the ETUC adopted a “Yes-but” approach and recommended ratification of the TEU:

“Given the above, the ETUC considers it necessary that the trade union movement, both at the European level and in the various member-states, should support the ratification of the Maastricht Treaty on European Union by playing an active part in the public debate and by taking initiatives of its own. Such actions must highlight the Treaty's limitations and the desire of the trade union movement to create the political conditions that will ensue that the 1996 revisions restores a sounder balance within the Union, particularly as regards the social and democratic dimensions” (ibid.: 11).

Despite the general statement being adopted unanimously, considerable divergence of views persisted among the ETUC affiliates. In the Executive Committee debate, several affiliates expressed that the resolution was too positive, but from opposite angles. Whilst for example representatives of the Dutch and the Belgian unions were dissatisfied with the lack of political integration and democratisation, the Nordic speakers wanted to water down the “ideological (read federalist) tone”. The president of the German DGB, H.W. Meyer, supported the text critically, but emphasised that Political Union had not been created – “it is only a Torso without a head” – and expressed concerns about the dangers of EMU with regard to job creation and political accountability.

In order to complement the “Yes, but” approach to ratification, the ETUC decided to forward proposals which could help counterbalance the weaknesses of the treaty, concentrating on a “co-ordinated strategy for growth and employment”, increased EU budgets through a Delors-II-package and swift initiatives to implement the procedures laid down in the social agreement.

### *The last dance with Delors?*

An interesting feature of the same ETUC meeting was that the Commission president, Jacques Delors, was invited to present his views on the Maastricht outcome, presumably to bolster support for ratification among the ETUC affiliates. The appearance of Delors among the leaders of trade unions in Europe at this critical stage of European integration illustrated the close relations between the ETUC and the Commission, however, in an ambiguous way.

Outlining three overarching challenges of the Community – deepening, enlargement and democratisation – Delors underscored that subsidiarity should ensure that the EU became a project for all citizens and not “a bureaucratic invader”. Pointing out development of a single currency and a common foreign and security policy as the two major moving forces in European integration, he distinguished between two conflicting concepts: (1) a free trade area ruled by the invisible hand, and (2) an organised economic area accepting a public role, capable of striking a balance between what he considered to be the three basic pillars of the European Community, “competition, solidarity and co-operation”. Responding to trade union concerns about EMU, Delors underscored that development of a real political union was absolutely indispensable, if not the EMU would be unacceptable and lead to the rule of the ECB. If the Council in 1997 or 1999 decided to implement the single currency, a careful judgement of the balance between ECB, the Economic Committee and the Council would be needed according to Delors. – “If not the EU could become a monetarist battlefield dominated by single market forces and central bankers, which in turn could lead to the fragmentation of the Community”.<sup>44</sup>

On the one hand, the role of Delors at this important ETUC meeting underscored the close ties and shared views between the ETUC, the Commission and Delors personally, accentuating also the interdependence and sense of common destiny. At such meetings Delors evidently felt at home and a spirit of community and mutual commitment was tangible. The impression was left that this coalition had been decisive for the achieved progress in social policy at Maastricht.

On the other hand, it clearly shined through that the Maastricht outcome in many respects was a deception, by no means fulfilling the strategic goals and expectations of the Delors Commission. The firm conviction that European integration was moving towards new heights, usually marking Delors appearances in the ETUC, seemed to have been replaced by uncertainty and concern about the dangers ahead. Underscoring the shortcomings of the TEU, owing to the decisive power of member-states with flawed policy conceptions, Delors made clear that many crucial issues for the future were beyond the reach of the Commission.

In a sense it seemed that this event became an “eye-opening” experience for many of the national trade union leaders, realising that Delors was not the almighty reign who could ensue that trade union interests were cared for at Community level. Thus, the vanishing of the “Euro-enthusiasm” of the 1991 Congress (see chapter 6) had commenced and a certain mood of frustration and pessimism could be felt. Recognising that the decisive Community powers were located outside the realm of the Commission-centred networks of the ETUC, the glory of Delors seemed to be crumbling, suggesting that the ETUC in the future would have to rely more on its own strength.<sup>45</sup>

#### **4.6.2 Summary: the strategic dilemmas and challenges of the ETUC**

The widespread scepticism of the Maastricht outcome in many national unions, forcefully expressed in the eventual referenda in Denmark and France, further accentuated the strategic

dilemmas facing the ETUC in the post-Maastricht period. As the ETUC had been a strong advocate of far-reaching European integration before Maastricht, fuelling membership expectations, the ETUC was reliant on the Maastricht reforms actually delivering on issues of tangible importance to trade unions.

This situation left the ETUC in a double-edged position of dependency and opposition, having to act both as external defender and internal critic of the Maastricht outcome, easily creating a Janus-image of the ETUC. The post-Maastricht development was thus critical for the European trade unions' interpretation of their own role and identity within the ongoing European transformations. The challenge of handling this fragile balance between influencing and supporting European events and maintaining legitimacy within national constituencies, between loyalty and voice at two different societal levels, in my view is essential for understanding the strategic dilemmas and choices of the ETUC in the European integration process. Although the post-Maastricht impasse eventually came to an end, the task of acting as bridge-builders between interconnected but partly conflicting legacies persisted as central determinants of the national trade union leaderships' ambivalent approaches to European integration. Thus, the deep concern marking ETUC reactions to the post-Maastricht crisis<sup>46</sup> reflected more than resolutionary gestures. It was an expression of the ETUC's political struggle for preserving credibility and acquiring a proper foundation for the organisation itself, thereby highlighting the contingency of European trade union integration on the broader political developments of the Community.

As analysed in this chapter, the evolving configuration of European market-making and monetary integration in the early 1990s ingrained both threats and promises to European trade unions. While the short and medium-term transition costs most likely would be considerable, the potential long-term benefits associated with increased growth and curbing of intra-European financial flows seemed more uncertain. The structural changes flowing from the new political economy regime implied a twofold challenge to European systems of industrial relations and trade unions.

On the one hand it could be assumed to prompt erosion of national means of trade union policies and unleash fiercer competition for jobs, investment and wages between nation-states and national unions. It was, however, difficult to foresee how national actors and institutions of industrial relations would respond to these pressures. Besides intensifying labour cost competition and bolstering employer bargaining power, the single market and the EMU implied an impetus to more flexibility, differentiation of wage formation, and to co-ordinated wage policies to contain inflation both nationally and transnationally. The new European political economy regime could thus be envisaged to encourage both deregulation of national systems (exemplified by the British market-driven adaptation) and revitalisation of national concertation to preserve competitiveness (exemplified by the tripartite Irish and Norwegian mode of adjustment). In consequence, despite the convergent external pressures, it remained uncertain whether increased convergence or divergence of national industrial relations in Europe would evolve.

On the other hand, the increasing shortcomings of national means of regulation and the growing cross-border interdependencies and conflicts between unions, following from the market extension, made transnational co-operation and Europeanisation of union policies all the more needed to counteract divide and rule strategies of employers. At the same time the new configuration of the political economy could weaken the ability of trade unions to undertake the organisational transformations required to accomplish such a shift of strategy; first, because unions would most likely experience a drain in domestic power-resources as a result of restructuring and rising unemployment flowing from the single market and the EMU convergence programmes. Second, because the irrevocable loss of the exchange rate mechanism implied that adjustment to economic fluctuations increasingly would have to be buffered by employees, trade unions and welfare state schemes through social devaluations. Thus, according to Mahnkopf and Altvater (1995) trade unions faced the impossible task of "squaring the circle" by having to reconcile the conflicting requirements of domestic adjustment with the pressures of co-ordinating wage-policies cross-borderly, in accordance with the anticipated common monetary policy of the ECB.

While the structural changes of the European political economy created both incentives and obstacles to the Europeanisation of trade union policies, the character of the evolving European polity seemingly offered limited political opportunities for compensating foregone domestic power through regaining political influence at the European level. The segmented institutional structure, limited resources and weak political authority of the fledgling European "quasi-state", combined with its predominant intergovernmental mode of decision-making, implied that trade unions could neither rely on support from a friendly state, nor appeal for political support from a European public and allied political forces exposed to European electoral competition, in order to gain influence on the broader parameters of European integration. The fragmented system of interest representation at European level fitted poorly with trade union traditions of corporatist political exchange. On the contrary, the European polity seemed to offer better opportunities for specialised business producer interests to enhance negative integration, than for inclusive and multi-purposed trade unions to pressure for positive integration and construction of cross-sectoral, redistributive European policies.

The increasing supranationality in market-making issues and the tendency to hand over regulatory power from political arenas to semi-private standardisation agencies, furthermore, limited the former union opportunities to block unwanted European measures via friendly national governments. These were themselves left to compete for influence in new arenas and engage in complicated intergovernmental coalition-building and horse-trading in the extended areas governed by qualified majority-voting.

In this context the most viable trade union ally on the European scene had been the Commission, which still governed by the union friendly circles of Delors also shared many of the ETUC visions for more political integration in Europe. Thus, the endeavours of trade unions at European level had become increasingly dependent on the policy networks around

the Commission in which they had felt confidence and hope, nourishing a growing Euro-optimistic spirit.

If Maastricht was to become a watershed of trade union Europeanisation (Hall 1994a), it would apparently be in a double sense. Although the prospect of European collective bargaining ingrained in the Maastricht Social Protocol was encouraging (see chapter 8), it also confronted European trade unions with the challenge of moving from common declarations to common practice – now they had to deliver. Together with the fairly disappointing results in most other areas, the post-Maastricht crisis, and the crumbling of the Delors magic, this implied that Maastricht became a “moment of truth” for many national trade union leaders. After long having left the European activities to the “Euro-enthusiastic” ETUC Secretariat – whose activities and perspectives they had not always considered serious, though harmless – they became aware that the new Europe was becoming reality in a way that ingrained far-reaching and burdensome consequences for national trade unions. After having pursued “cheap talk” and seen the European activities as a refreshing break from domestic gloom, they were suddenly faced with consequential strategic choices about what to do and how to do it in order to cope with the new European environment. This posed the uneasy question of whether they had the will, the support of their members, the means, or the capacity to construct viable, common responses on a European scale.

The post-Maastricht period thus became the starting point of a complicated negotiating process for the ETUC on how to put the visions of the 1991 Congress to create a real European confederation in practice. With the opening of the single market and the planned completion of the EMU a “point of no return” had apparently been passed, leaving European trade unions no other option than to begin (1) to prepare for a long political march to rebalance the asymmetric European regime of economic political governance, and (2) immediately start preparing how the Maastricht social agreement could be exploited to develop a European regime of industrial relations. Considering the fundamental structural barriers and long-term character of the former task, the immediate task of developing European-wide minimum labour standards and European negotiations appeared all the more urgent for ETUC if workers in different countries to be played off one against the other was to be avoided and a downward spiral of social nivellation prevented.

In consequence, the top priority of ETUC in the post-Maastricht period became the development of European social policy and negotiations within the new institutional frameworks of the Maastricht social agreement, which accordingly is at the core of the subsequent parts of this study. In order to understand the conditions and complexities of the issue, a closer look is required into (1) the historical evolution of trade union organisation and its relations with employer counterparts at European level, and (2) the actual motives and inner logic of the compromises leading to the 31 October agreement and the Maastricht social agreement. These issues are the subject of the Part III, before the question of how European trade unions resolved their strategic dilemmas and organisational problems is addressed in Part IV.

## Endnotes:

- 1 See, for example, Barnouin (1986), Keohane and Hoffmann (1991) and Sbragia (1992).
- 2 See, for example, Sargent (1985), Lodge (1989), Greenwood et al. (1992).
- 3 Initially, the German re-unification prompted an upswing in the European economies, triggered by the release of large transfers, but when the subsequent financing was initiated, the tightening of German economic policies, accompanied by rising interest rates, pulled the bulk of European countries into recession. This in turn accentuated severe tension within the ERM system leading subsequently to withdrawal of the UK, Italy and other countries and a softening of the fluctuation margins - associated with "Black Wednesday" in September 1992 - fuelling doubts about the legitimacy and feasibility of the EMU plans.
- 4 See, for example, Marks et al. (1996), Streeck (1995a), Jachtenfuchs and Kohler-Koch (1996) and Wessels (1997).
- 5 See, for example, Bulmer (1994), Keohane and Hoffmann (1991), Jachtenfuchs and Kohler-Koch (1996).
- 6 Moravcsik (1991:50-52), Sandholtz and Zysman (1989), and Keohane and Hoffman (1990, 1991).
- 7 For example, Sandholtz and Zysman (1989) have argued that European business and the Commission bypassed national governments, while Streeck (1993: 3) has suggested "that to join a revived integration project (...) business needed credible assurances that the European Community's emerging economic regime would be significantly less dirigiste and more flexible - i.e. market-driven - and that indeed integration would proceed so as to help remedy the ominous affliction of 'Euro-sclerosis'". According to Streeck, as business demands were built into the politicians' proposals for a new integration effort, "the revival of European integration became bound up with a European deregulation project" (ibid.: 3). Accordingly, by selecting the old EC objective of a free market as vehicle for relaunching the Community, both the international relations equation and the political-economy equation were solved simultaneously. Other analysts, however, have argued that the role of business has been vastly overstated, and that business was only brought in at a later stage after the decisive intergovernmental bargain between France, Germany and Britain had been settled (Moravcsik 1991: 65, 68, Keohane and Hoffmann 1991: 24, Bulmer 1994: 370).
- 8 According to Notermans (1996), however, the role of external constraints in urging the shift of paradigm has been greatly exaggerated and mainly served legitimating purposes, while the basic causes of the shift should be sought in domestic problems, notably the vanishing capacity of national labour market institutions to prevent excessive wage-price inflation. The introduction of anti-inflationary "hard currency" policies was mainly aimed at disciplining trade unions. In a similar but slightly different way Boyer (1996) has argued that while the role of global direct investment flows have been much smaller and more stable than often claimed, the tendencies towards erosion of collective bargaining systems have been primarily caused by changes in the systems of production associated with new flexible technologies and the end of mass production, prompting differentiation in the structure of social interests and organisations.
- 9 This was the reason why the ETUC with support of the Commission set up a Technical Bureau of Health and Safety (TUTB), which was assigned the task of promoting European trade union interests and expertise in this context.
- 10 According to the new approach, the EC sets out framework directives which are to be implemented in national law and the system requires mutual recognition of national provisions. Instead of establishing detailed regulations on technical specifications, the Commission restricts its scope of reference to more general, basic product requirements concerning health, safety and environmental protection. The directives refer to harmonised European standards as guidelines to manufacturers for fulfilling the requirements (Törres 1993).
- 11 The views of the Spaak-report were based on a study of the ILO on Social Aspects of European Economic Co-operation: Report by a Group of Experts, Studies and Reports, New Series No 46 Geneva, ILO, 1956.
- 12 See, for example, Dølvik et al. (1990), Abraham (1993: 324), Altvater and Mahnkopf (1993).
- 13 The concept of social dumping has been used in a variety of meanings, ranging from general competitive trade advantages stemming from low social standards; deliberate strategies of unacceptable undercutting of prevalent social standards in a given area; relocation motivated by laxer labour standards; to conflicts between labour jurisdictions which may arise when e.g. a foreign company following domestic labour norms gains jobs in another country as a result of different labour standards. For a critical discussion of the concept social dumping see e.g. Wedderburn (1991), Abraham (1993), Dølvik (1992) and the European Commission (1988a).
- 14 Streeck's argument drew on American experience, where capital flight from the unionised, high-wage 'rust-belt' in the northern states to the 'right of work' states in the sun-belt since the 1970s, had weakened union strength and the regulatory power of the states (ibid.: 327). This view has been contested e.g. by R.B. Freeman (1997) who argues that different state regulations and labour standards have persisted in the US for almost a century, despite the free movement of productive factors.
- 15 See, for example, Volkmann (1989), Felder (1991: 58) and Jacobi, Keller and Müller-Jentsch (1992).



- 16 A prominent recent example might be the struggle arising from the investments of Volkswagen in a new factory in Sachsen, where a package of subsidies and other advantages from the local "Länder", conflicting with EU competition law, was made a condition for completing the project. If not the production would be moved further East and jobs would get lost in Germany (Sverdrup 1996).
- 17 See, for example, Edling (1992), Employment in Europe (1994, 1995), EIRR (259/1995), Scharpf (1996a, b).
- 18 As argued by Traxler (1996a: 272), a weakness of the disorganisation thesis "is its deterministic and hyper-functional line of reasoning: changes in economic conditions are supposed to create certain efficiency requirements, which in turn are expected to result in corresponding changes in labour relations. (...) However, even if one best (i.e. the disorganized) solution to industrial change existed, the disorganization argument would ignore the fact that functional requirements do not ensure their own fulfilment".
- 19 See OECD (1994), Vaughan-Whitehead (1992), Busch (1991), Tsoulakis (1993), Kvinge et al. (1992), Hødnebo and Stokland (1994), Bordogna (1996) and Vandercammen (1994).
- 20 Whether this is strengthening or weakening the view of the single market as the most serious challenge to national trade unions, is debatable. On the one hand, while it seemingly fits with the "regime-shopping" thesis, on the other hand, it emphasises the overriding impact of extra-EU competition. It could also be asked to what extent such relocation is motivated by a desire to secure presence in the growing markets of tomorrow versus a desire to reap benefits of unregulated, cheap conditions of production today, and to what extent it is influenced by the prospect that these areas will become parts of the extended integrated market within a few years.
- 21 One example that the flight out of "high-cost" contexts is not necessarily the most likely outcome of corporate rationalisation, is the Volkswagen company's downsizing of its SEAT operations in Spain under the recession in 1993-94 instead of reducing the production capacity in Wolfsburg. Arguments that quality, predictability and competitiveness in Spain did not match the German plants played a central role in that decision (Source: Interview with IG Metall representative, May 1995).
- 22 The same argument could be used on the often claimed increasing openness of national economies: While exports as a share of GDP in developed countries before WW I represented 12.9 percent, they represented 14.3 percent in 1992, roughly the same as in 1973 (Boyer 1996: 4) — hardly a revolutionary change.
- 23 See also OECD (1994), Hyman and Ferner (1994), and Hyman (1994c). For a further discussion of recent developments, see chapter 13.
- 24 According to Bordogna (1996: 300), "the process toward the completion of the single market, as more generally toward 'globalisation' of the economy, meant an extension of market criteria of regulation which erode the room both for the nation-state as an effective economic agent (...) and for collective regulation of employment relationships, confronting trade unions with a sort of pre-pluralistic environment, a metaphoric 'open shop' of continental size (Cella 1994)".
- 25 Conversely, the convergence programmes, by helping the member-states to reduce the structural deficits in a credible, though painful, way, are seen as a historical window of opportunity for many member-states to be freed of the stranglehold of chronic deficits and high interest rates. This is presumably a central reason why countries like Italy, Spain and Belgium are so keen to join the single currency in the first round, hopefully allowing them to reap the benefits of falling interest rates and rising profits, investment and employment like for example Denmark did in the early 1980s and Ireland in the late 1980s (Schubert 1996: 252).
- 26 Besides the prospect that German industry will benefit from being part of a common currency area in which they can get rid of the competitive disadvantage caused by the strong German Mark, this is evidently part of the reason why the German trade unions have supported the EMU, despite the transitional strains it has implied (see DGB 1995).
- 27 See also Busch (1991: 269-70), Lundborg (1996), Busch (1991, 1992), Mahnkopf and Altvater (1995), ETUI (1992), Foden (1996), Heise and Küchle (1992), Wehner (1992), Dell'Arringa et al. (1992), OECD (1992), Pacolet et al. (1996), Notermans (1996, 1997), Bordogna (1996), Traxler and Schmitter (1994, 1995), Dølvik (1993a), Dølvik ed. (1994).
- 28 Such a strict linking of wage growth to productivity may, according to Keynesian analysis, have detrimental, selfreinforcing effects on demand, thus destabilising growth and employment, especially if restrictive macro-economic policies are applied simultaneously, as envisaged in the EMU programme (Boyer 1996).
- 29 Again, it can be argued that this has been the case for long, owing to the disciplinary effects of freed financial markets and fixed exchange-rate policies in many countries within the ERM system. Events recent years have, however, clearly demonstrated that countries have been inclined to leave such regimes if real pressures become stark, suggesting (1) that national institutions have not been prepared to carry the burden of non-monetary adjustment; and (2) that the necessary institutional frameworks at the international level, capable of rebalancing transnational economic disparities and socio-economic tensions, have not been in place. Compared to the previous and current situation, the third stage of EMU with a single currency will imply a decisive step, since the "exit option" in principle will be irrevocably abandoned. The formal establishment of

- an EU "core" assumed to become the real centre of power within the new European configuration, implies that the symbolic and political aspects of being left outside may attain much greater importance than the current division between countries within the Deutsch Mark zone and the others. Moreover, since the "exit option" will be closed, the question of flanking policies in terms of supranational fiscal policies and stabilisers, regional redistribution and governance of economic policies at European level will come to the fore, assumingly accentuating conflicting views on the need for more political integration in Europe. Jacobi (1996, 1997) has thus argued that the emergence of a European economic government and a bargaining union is almost inevitable as a means of counterbalancing the powers of the European central bank.
- 30 See Boyer (1994), Traxler and Schmitter (1994, 1995), and Bordogna (1996). Traxler and Schmitter (1994) draw attention to the fact countries such as Germany and Austria have for long had well functioning neo-corporatist systems operating within the frameworks of stability oriented monetary policies. Norway might also be mentioned as a recent example (see Freeman 1997, Dølvik et al. 1997). In fact, under the Bretton Woods system of fixed exchange-rate policies, the prototyp Nordic model of centralised wage bargaining – formalised in the Aukrust model – was deliberately designed to fit the requirements of exposed sector competitiveness, in line with the model envisaged by Boyer (1994, 1996) to determine economic adjustment under EMU. Thus, for small open economies with traditions of corporatist adjustment (Katzenstein 1985), the changes flowing from the EMU might be less dramatic than sometimes suggested.
  - 31 See ETUI (1991a), Busch (1992: 6), Mahnkopf and Altwater (1995: 110-12), Jacobi (1996, 1997) and Teague (1997).
  - 32 According to Mahnkopf and Altwater (1995: 102) this confronts the trade unions with insurmountable problems: "The central problem for trade unions is that they are asked to square the circle. On the one hand, Europeanisation requires harmonisation of bargaining policies: not merely transnational co-operation, but an alignment of negotiating procedures and objectives, and thus the development of Europe-wide systems of regulating wage costs. Yet, on the other hand, regional and sectoral wage differentiation has been enshrined as foundation of the integration process, to compensate for differences in productivity and financial performance. This makes European trade union unity both necessary and impossible".
  - 33 See Gorges (1992), Röthig (1993), Lanza-laco (1992), Visser and Ebbinghaus (1992), and Sargent (1985).
  - 34 European associations for the representation of industrial, commercial and agricultural business interests began to form immediately after the Treaty of Rome was ratified in 1958: UNICE for industry (1958); COPA for agriculture (1958); and several other organisations representing specific industries and crafts were established in the early 1960s. Worker interests were considered much more weakly organised and more fragmented at the European level, at least until EC and EFTA-unions established the ETUC in 1973 (Barnouin 1986, Gobin 1996, Visser and Ebbinghaus 1992). (For a description of the evolution of European trade union and employers' organisations, see chapters 6 and 7).
  - 35 This point has repeatedly been underscored in interviews with representatives of, for example, Danish unions and employers' organisations.
  - 36 If so, this might imply influence opportunities for organised groups, but also that interest organisation and representation become shaped in new ways, less reliant on representativity than on access to expertise and networks, raising difficult questions about legitimacy and democratic accountability, especially for cross-purpose organisations like trade unions.
  - 37 This point was repeatedly stressed in interviews with ETUC industry committees (see section 10.3). For a further elaboration, see Platzer (1991a), EIRR (224/1992) and ETUI (1993).
  - 38 As is discussed in chapter 8, the Maastricht social agreement, whereby the "social partners" were granted an institutionalised role as consultants and/or rule-makers through negotiations, displays clear similarities with such a system of governance. The issue of compliance and implementation, however, poses considerable problems for the respective actors.
  - 39 See Kohler-Koch (1996), Heritier (1996), Mazey and Richardson (1993) and Greenwood (1997).
  - 40 The suggested character of the EC governance system as a "complex network of interdependencies" has certain parallels with the concept of "Verflechtungs-system" often used to describe the German system of multi-tiered "interlocked federalism" (Scharpf 1988, 1994, Sbragia 1992).
  - 41 See Sargent (1985), Lanza-laco (1992), Visser and Ebbinghaus (1992), Grant (1993), and Traxler and Schitter (1994, 1995).
  - 42 This section is based on observations at the ETUC Congress in 1991 and the ETUC Executive meeting 5-6 March 1992 where the outcome of the Maastricht TEU was evaluated.
  - 43 An interesting point to note was that the draft resolution, in order to redress the imbalance between monetary and fiscal integration, contained a proposal to increase Community budgets to 8 percent (from 1-2 percent). This view, however, caused resentment among several member organisations, while others perceived it as completely unrealistic at the time. It was thus replaced by more modest wording, calling for progressive increases of Community budgets to 3 percent.

- 44 As regards the social dimension, which is analysed in chapters 5 and 8, Delors alluded to his Godfather role vis-à-vis the trade unions. While most member-states had been willing to strike a diluted compromise with Britain, Delors said that he had himself found this unacceptable and intervened by inventing the new decision-making construction ingrained in the Social Protocol (see chapter 8).
- 45 This impression was underpinned by the fact that the Delors Presidency of the Commission was into its last period, likely to be occupied by the ratification process.
- 46 Confer resolutions related to the Danish No-vote (June 1992) and the Edinburgh process, described in chapter 9 (see bibliography).



## PART III

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### **EVOLUTION OF SOCIAL POLICY, COLLECTIVE ACTORS AND INSTITUTIONS OF INDUSTRIAL RELATIONS AT THE EUROPEAN LEVEL**

In this part, the historical background and evolution of the Community social policy regime is reviewed in chapter 5. The formation of European level organisations of trade unions and the evolution of ETUC from its foundation in 1973 to 1991 are analysed in chapter 6. The pattern of European employers' associations and the development of European social dialogue are reviewed in chapter 7. Against this background the negotiating processes that led to the 31 October agreement and the Maastricht social policy settlement in 1991, constituting the new institutional frameworks of industrial relations at European level, are analysed in chapter 8.

## **5 The evolution of EC social policy – an emerging island of Euro-corporatism?**

### **5.1 Introduction**

The new pace of European market integration in the mid-1980s generated political pressures for developing the social dimension and the regulatory role of the Community in industrial relations matters (Hall 1994a: 281). The unclear and contested Community competences, the complex configuration of interests, and the diversity of national regulatory systems implied that the evolution of Community social policies had been uneven and piecemeal (Dølvik 1993a, b). The entrenchment of social policy as a cornerstone of national welfare states and cross-cutting divisions of class and national interests had made consensus about transfer of social policy competences to Community level difficult to achieve. The struggle over EC social policy has thus been attributed strong symbolic value associated with the fragile popular legitimacy of the Community.<sup>1</sup>

Although the Community relaunch only led to modest changes in the legal basis for EC social policy, it became associated with the promise of creating “l' Espace Social Européen” based on a floor of minimum legislation and social partnership enshrined in the concept of social dialogue.

In this chapter, I review the main developments of EC social policy up to Maastricht in 1991. In section 5.2, the central dilemmas and regulatory problems of EC social policy are described; in section 5.3 the origin and legal basis of EC social policy is traced; in section 5.4 the different stages of EC social policy development are reviewed; and in section 5.5 the pre-Maastricht configuration of actors, interests and institutions are sketched. The purpose is to provide a framework for understanding the particular “opportunity structure” of trade unions in this field of Community policies in the early 1990s.

### **5.2 The regulatory conundrum of EC social policy – main issues and dilemmas <sup>2</sup>**

Since the establishment of the European Community, development of EC social policies had been subject to political tensions, reflecting fundamental divergences concerning the goals and means of the Community: The extent to which the Community should aim at harmonisation of living conditions and social redistribution across national boundaries, and also the extent to which such aspirations should be achieved through the play of market forces versus political regulation? How should a proper balance be struck between Community

intervention and the protection of national sovereignty in the social policy field?

Even though the social dimension has been associated with a broad set of issues, Community social policies have predominantly been concentrated on issues related to free movement of labour, equal opportunities and protection of workers, while the broader notion of welfare state policies has continued to be a prerogative of the member-states (Rhodes 1995: 80). With the launching of the single market, concern about the social impact of increased competitive pressures, regional disparities, social dumping, political legitimacy and the future of the "European model of production" gave new impetus to the EC social policy struggle (Lange 1992: 227).

The obstacles were considerable however (Dølvik 1992, 1993a): The combined impact of (1) diverse regulatory systems of national labour market; (2) a weak and unclear legal basis for Community initiatives; (3) a complex configuration of interests; (4) institutional deficits of both Community decision-making and organised interests; besides, (5), ideological cleavages had for long complicated the development of EC social policies. Together with the fundamental conflict over whether the national or the supranational level was the one best suited for social regulation, these factors had caused an evident and inevitable "regulatory conundrum" of social policy and industrial relations at the European level ever since the Treaty of Rome (Rhodes 1995: 80).

As discussed by a number of authors, development of international labour regulations is difficult, because they affect labour costs and the conditions of competition between states, and also because they may disturb the balance of power and the functioning of institutions within single countries.<sup>3</sup> While an upward harmonisation of labour standards can be favourable to firms and unions in the Northern high-cost countries, they could have adverse effects on employment and competitiveness in countries with less developed economies. Thus, apart from the ideological and legal obstacles, both the design of adequate regulatory instruments and the difficulty of finding appropriate trade-offs within the complex configuration of involved interests, represent real problems, inhibiting functional spill-over from economic to social integration. Accordingly, the struggle over the social dimension is far from a simple reflection of class conflict or ideological cleavages (Lange 1992: 235). It tends to forge cross-class national policy coalitions and highlights the complexity of dependence and competition, co-operation and conflict, within and between the organisations of workers and employers at the national as well as the European level (Dølvik 1992: 6-7).

As pointed out by a number of authors, the national labour market regimes in Western Europe are marked by significant diversity both concerning the respective role of state legislation versus collective bargaining, the level and inclusiveness of bargaining, the form and degree of integration among the trade unions and employers' associations, and the way they are linked to broader welfare state policies.<sup>4</sup> There are considerable problems in categorising these regimes, but an often used rough way of grouping them is to distinguish between (1) a Roman-Germanic tradition, (2) an Anglo-Irish tradition, and (3) a Nordic tradition (Rhodes 1995). The first group – covering Austria, Belgium, France, Germany, Greece, Italy, Portugal,

Spain, Luxembourg and the Netherlands – has been marked by a strong role of state regulation of basic collective labour rights and extensive labour market legislation, often including “*erga omnes*” procedures to generalise outcomes of collective bargaining. In the second group – covering Britain and Ireland – the state has in the past largely abstained from statutory regulation of industrial relations issues, allowing for the development of a voluntarist system of labour market regulation. In the third, the Nordic, group the state has usually also played an important role for example in dispute management, participation in tripartite incomes policies and legislation of work environment standards, but collective bargaining has been considered to play a primary role in regulating employment issues. While industrial relations in the latter two groups have been coupled with welfare states of predominantly universalistic type, the former systems have been linked to a larger extent to different mixtures of welfare systems based on provisions from occupational schemes, the church and pillarized political communities. This immense diversity has given rise to very different structures of social labour costs and combinations of regulation by law and bargaining at various levels. This implies that European regulations inevitably will have diverse effects, in terms both of practicality and more substantial power issues, in each and every member-state, adding to the complexity of conflicting interests rooted in the different national stages of economic development and competitiveness.

In spite of these hurdles, noticeable developments have taken place over the years, mainly concerning regulation of minimum labour standards, health and safety, gender equality and regional redistribution (Martin and Ross 1994: 3, Rhodes 1995: 120). Moreover, as noted by Majone (1993: 10), however modest, each and every revision of the EC treaties has led to expansion of Community competences in the social field. Networks of social actors and institutions working for a strengthening of Community social policy have been growing at the European level, according to Rhodes (1995:79), implying that “powerful interests within the European Union – including Europe’s unions, the governments of a majority of the member states and the European Commission itself – remain committed to the construction of a Social Europe (...)”.

Historically, the main instigator of extending Community social policy has been the Commission, also advocating the idea of developing a European “integrated industrial relations system” (EC Commission 1988: 65). Conceived as a strategic actor and agenda-setter, the Commission has exploited legal loopholes, stretched competences and actively tried to shape the policy coalitions of the field (Cram 1995, Rhodes 1995, Martin and Ross 1995).

The Community initiatives have mainly contained two elements: (1) Adoption of “substantive” regulatory measures at Community level, usually in the form of EC directives, aimed at harmonising or aligning more closely the laws and practices of member states or to regulate transnational industrial relations matters. (2) “Procedural” initiatives such as the promotion of “social dialogue” between European-level employer and trade union organisations and their inclusion in a network of sectoral and advisory bodies which feed into the Commission’s policy development work (Hall 1994a: 284)



The balance and links between such measures have varied over time, reflecting shifting economic and political conjunctures, attitudes of member-state governments as well as strategic action by the Commission. Although the "relative autonomy" of the Commission and its right of initiative has ensured its strong influence on the social policy agenda, the actual decision-making has rested with the Council of ministers, where unanimity voting, ideological divisions and concerns about competitiveness and interference with national regulatory systems have inhibited progress (Gold 1993: 15-16). In addition, the European Court of Justice, particularly concerning equal rights, has often played an important role by applying a broad interpretation of Community law (Majone 1993, Joerges 1996).

Whereas the Commission and most member-states have seen the social dimension as important for securing popular legitimacy and labour movement support for economic and political integration, the British government in particular and the dominant employers' association (UNICE) have seen the social dimension as inimical to market liberalisation and competitiveness (Lange 1992: 227). The struggle has thus tended to polarise between "Euro-liberalists" and "Euro-corporatists" (Rhodes 1992: 47) or "minimalists" and "social protectionists" (Lange 1992: 231), often obscuring the complexity of coalitions and interests in real policy-making. Reflecting its symbolic importance, the struggle over EC social policy has accordingly been marked by strong ideological overtones. While "Euro-optimistic" scholars have tended to argue that significant progress has been achieved in a number of areas (Goetschy 1994, Ross 1994), "Euro-pessimistic" scholars have tended to see the social dimension legacy as merely a rhetoric invention accompanied by a lot of "cheap talk" (Lange 1992, Streeck 1994: 158) intended to sweeten the pills organised labour had to swallow by accepting the emerging mode of European market-making and monetary integration.

### 5.3 The origin and legal basis of EC social policy

The origin of the EC social policy approach can be sought in discussions prior to the foundation of the Community. In the years preceding the establishment of the Common Market, considerable anxiety existed about the social implications of a new integrated economic area in Europe (Teague and Grahl 1992: 72). Among trade unions there was a fear that intensified competitive pressures would undermine established social provisions and workers rights. The French government, fearing that disparities between social and labour costs in different countries could distort competition and put the country at a competitive disadvantage, favoured a general realignment of labour and social standards (Hall 1994a: 287).

To assess the issue, the International Labour Organisation (ILO) set up a group of experts, known as the Ohlin group, which played down the concern about downward pressures on social conditions and suggested that specific problems could be dealt with by preventive action on the national level (Teague and Grahl 1992: 72, Nielsen and Szyszczak 1991: 16). Market integration was expected to trigger a virtuous circle of growth causing employment

and living conditions to rise and policies to encourage labour mobility were the sole initiatives regarded by the group as appropriate to enact at the centre. This view was endorsed by the Spaak report,<sup>5</sup> which argued that differences in wages and social costs were reflecting productivity differences and that the exchange rate mechanism represented a possible corrective measure if costs and productivity moved out of line. Accordingly, a general harmonisation of social conditions was seen as the outcome of, not the precondition for, the effective operation of the common market (Hall 1994a: 287).

This view was largely reflected in the Treaty of Rome, though in response to French demands specific references were made to ensure equal pay between men and women (article 119) and the maintenance of paid holidays (article 120) (Gold 1993: 13). The general legacy of the treaty was that intervention was only justified in terms of its contribution to market integration, and a “minimalist approach” was adopted, according to which social policies were not dealt with in their own right (*ibid.*: 13). The general objective of Community social policy, laid down in article 117, did contain a striking ambiguity, however, stating that the member-states had agreed to:

“the need to promote improved working conditions and an improved standard of living of workers, so as to make possible their harmonisation while the improvement is being maintained. They believe that such a development will ensue not only from the functioning of the common market, which will favour the harmonisation of social systems, but also from the procedures provided for in this Treaty and from the approximation of provisions laid down by law, regulation or administrative action.”

Thus, on the one hand it was emphasised that “the functioning of the common market” would help to improve and harmonise upwards working conditions and standards, but, on the other, “law, regulation and administrative action” were also required to attain the desired end (Gold 1993: 13). This ambiguity, marking EC social policies ever since, fudged the central issue of whether harmonisation should be reached by market convergence or policy intervention into the treaty (Hall 1994a: 288).

The Treaty of Rome did not provide any specific mechanism for policy intervention, however. Under article 118, the Commission was only given the very general task of “promoting close co-operation” between member-states, through studies, opinions and consultations, particularly concerning employment, labour law and working conditions, vocational training and social security systems (Daübler 1991: 303). The treaty did provide mandate for action in other fields, however, mainly the promotion of free movement of labour (articles 48–51) and the establishment of the Social Fund (articles 123–128) which should contribute to improving “employment opportunities for workers in the common market and thereby to raising the standard of living”.<sup>6</sup>

During the initial period of Community integration, emphasising free movement of labour, the weak treaty base did not represent any major obstacle to enacting agreed policies. When the Social Action Programme was launched in 1974, however, containing a bulk of labour law directives, political agreement was necessary within the Council for the use of article 100 as a legal basis.<sup>7</sup> This enabled the approximation of provisions in the member-states which

“directly affect the establishment or functioning of the common market” (Hall 1994a: 288). The implicit rationale was that disparities between labour costs imposed upon employers by national legislation (for example concerning reducing the size of the workforce or taking over another employer's business) had the effect of distorting competition between employers in different member-states. This was a forerunner of what has later been termed the “treaty base game” (Rhodes 1995: 99) – or the “legal acrobatics” – necessary if treaty constraints in the field of EC social policy were to be overcome (Tyszkiewicz 1992).<sup>8</sup>

With the Single European Act in 1987 a new article (100A) was inserted in the treaty, enabling qualified majority voting on measures “which have as their object the establishment and functioning of the internal market”. However, the article did explicitly exclude provisions “relating to rights and interests of employed persons” (Hepple 1993: 145). Still, article 100A has been used once as the legal basis for a social policy proposal, notably in a 1990 draft directive assumed would harmonise “atypical” workers' entitlements in respect of social security schemes (Hall 1994a: 289). As noted by Wedderburn (1991: 52, 67), it is difficult to see why a similar argument (the need for a level playing field of competition) does not apply to many other aspects of employment law, in which case extending the scope for the “treaty base game” of Community social policy.

Such events highlighted the problems posed by the restricted competences and the unanimity principle of EC social policy, which were accentuated by the veto-policies of the UK government. The Single European Act contained two amendments of the EC social policy competences: (1) A new article 118B was inserted which emphasised the responsibility of the Community to promote social dialogue, possibly leading to contractual relations at European level; (2) in article 118A qualified majority voting was introduced on issues aimed at improving working environments as regards the health and safety of workers (Hepple 1993: 145). The concept of workers' environment has been interpreted broadly by the Commission, using article 118A as the legal basis for several directives covering issues such as maternity leave and working time. This led the UK government to challenge the legal basis by raising the case at the European Court of Justice, further accentuating the constitutional constraints inhibiting the development of Community social policy.<sup>9</sup> The persisting contestation of the legal basis for Community social policy eventually came to be a central precondition for the subsequent social policy reforms adopted at Maastricht.

## 5.4 Stages of EC social policy development

Within these constraints, Community social policy has developed through cycles of activism and contraction, though with a clear continuity as regards policy scope, issues and political tensions.

*In the initial period of integration (1958–72)*, social policy has often been described as insignificant, but such a view may prove misleading. In the areas where the EC had acquired

a mandate, such as vocational training, free movement of labour, application of social security schemes and equal pay, the Commission acted expansively and basic patterns of Community policies were established (Collins 1975: 186, in Gold 1993: 19). The structural funds were set up; mobility of labour through recognition of certain professional qualifications was enhanced; a Health and Safety Division was installed in DG-V (1962); and the first directives in the area of workers' protection were passed. Several Community studies and conferences created tensions between the Commission and national governments. In 1962 a tripartite European Social Security Conference – following a trade union report for full “upward alignment” in the policies of member states – upset employers and governments and seemed to set an agenda for the discussion which created allies of the Commission and unions (Holloway 1981: 52, in Gold 1993: 20). The governments warned the Commission of extending its powers under article 118 and consequently no Social and Labour Affairs Council was arranged before 1966. Then a compromise was struck, according to which the Council was to decide which studies would be undertaken by the Commission, prompting a shift towards more economic aspects of social policies (Gold 1993: 21). As will be seen below, all the issues, controversies and institutional conflicts emerging in this early period have persistently remained at the core of the EC social policy agenda ever since (Rhodes 1995: 81).

The Haag Summit (1969) signalled change and emphasised the need for more proactive social policies. The trilateral Standing Committee on Employment was eventually established and the third medium-term Community economic programme and the preliminary guidelines of a Community social policy programme submitted by the Commission (1971), aimed at placing economic and social policy on an equal footing (Gold 1993: 21). Consequently, at the Paris Summit (1972) the heads of state and governments invited the Commission, in consultation with other EC institutions and social partners, to draw up a Social Action Programme.

*The Social Action Programme (SAP) (1972–80)* was adopted by resolution in 1974 and contained around 40 initiatives grouped under three principal objectives: full and better employment; improved living and working conditions, and greater worker participation (Teague 1989: 26). In practice, it mainly focused on employment protection, equal treatment, workers participation and health and safety measures, issues which have come to dominate the social dimension agenda throughout the 1980s and 1990s. Since regulations of employee participation were dead-locked, many of the key directives proposed in the SAP recurred in amended form in the Social Charter of 1989 and some are still on the agenda (ibid.: 22–24).<sup>10</sup>

A major background factor of the SAP was reported to be the structural changes brought about by the common market itself (ibid.: 21). It has been suggested by several scholars that the social policy change in the early 1970s reflected a mechanism of more general character: At certain stages, the conjuncture of particular political and economic conditions has tended to create “windows of opportunity” for social policy extension.<sup>11</sup> The high growth, increasing regional disparities, social exclusion and industrial restructuring of the early 1970s had created political awareness about the social implications of integration similar to the way the single market provided arguments for the social dimension in the mid-1980s. Furthermore,

these changes were associated with a key transitional stage of European integration: completion of the common market; establishment of the customs union (1969); upcoming plans for an Economic and Monetary Union (the Werner plan); and ensuing enlargement of the Community by the UK, Ireland, Denmark and, possibly, Norway. Also political change in the member-states contributed to a new context: the fall of de Gaulle (1969); the incoming social-democratic government led by Willy Brandt in Germany (1969); and the radical wind associated with the 1968 revolt and the upsurge of workers militancy throughout Europe. Accordingly, significant reforms of labour law (co-determination, work environment), welfare policies and the entrance of women into the labour market, were initiated in most member-states in this period.

As suggested by Hall (1994a: 285-86), however, the parallels between the upswing of social policy in the early 1970s and in the late 1980s were also mirrored in similar counteracting events. As the social policy commitments of the member-states dissipated by the onset of recession after the first oil shock, the recession following the German reunification halted developments in the early 1990s. In addition, the conservative wave, signified by the Thatcher government in Britain and changes in key national governments, contributed to stall Community social policies in the late 1970s.

During the *Community's "dark age"* very few social policy measures were adopted, except for a number of directives on health and safety and equal treatment, reflecting also the agenda of labour market deregulation dominating in most member states (Gold 1993: 24).<sup>12</sup> Still, the gridlock in the early 1980s triggered conceptual developments, gradually leading to a new emphasis on subsidiarity and the distinction between individual and collective labour law (ibid.: 25).

The "*relaunch period*" from the mid-1980s was marked by Delors' personal commitment to creating a social dimension to the single market, inspired by his background in French trade unions (CFTC) and the idea of the French socialist government to create a "*l'Espace Social Européen*", launched under the French Presidency in 1984 (Gobin 1996: 599-610).<sup>13</sup> The efforts of the Commission, or more rightly the circles around Delors (Ross 1995b), to resolve the "regulatory conundrum" through a rethinking of the Community social policy approach are important for understanding the processes that subsequently led to the Maastricht Social Protocol.

From the outset it had been far from clear what was meant by the concept of "*l'Espace Social Européen*" which Delors took on, but awareness soon arose that the obstacles to EC social policy were not purely political. The regulatory problems of harmonising divergent labour law, in particular those concerning collective rights, came to the fore. Especially in the case of employee representation cleavages concerning which national model should guide EC measures had complicated policy formation (Hansen 1993). As noted by Wedderburn (1991), each and every institution of national industrial relations are products of long-lasting historical struggles and can not easily be harmonised by sweeping directives. These experiences led the Commission to search for a more flexible and pragmatic regulatory approach with empha-

sis on defining goals and broad frameworks, allowing more differentiated ways of implementation, eventually reflected in the 1989 Social Charter and the Maastricht Social Agreement (Hall 1992, EC Commission 1988a: 68).

When Delors revived the “social dialogue” in 1985 he claimed that “policies based on agreements and negotiations between management and labour are one of the cornerstones of this new social area” (Teague 1989a: 69). European trade unions received this as a call for establishment of a European collective bargaining area, but it soon became clear that the ambitions in practice were more modest. The Delors aim was evidently one of concerted policy formation, by basing EC legislation on agreements emerging from the social dialogue, rather than relying on detailed Commission proposals. Through replacing the previous “monolithic harmonisation” approach of the Commission, and nurturing a European kind of social partnership, the aim was to enhance the legitimacy and practical feasibility of EC social policy (*ibid.*: 70). By having the social partners initiate social proposals, the Commission apparently hoped they would focus on policy principles and objectives, leaving the member-states free to find feasible ways of introducing them within their existing industrial relations framework. Hereby a convergence of employment and labour policy aims between the member-states was sought, rather than a standardisation of industrial relations institutions and procedures (*ibid.*: 71, Hall 1994a: 296).

Although some non-binding Joint Opinions on for example macro-economic policies and new technology were produced, the social dialogue initiative was effectively thwarted by the reluctance of the employer side. The deceptive results of the “Val Duchesse” talks was a blow to the idea that the social partners could provide a new engine for EC social policy. The employers made perfectly clear that they would only sign on the condition that the Commission would not propose any legislation on the basis of the agreed Joint Opinions (Teague 1989: 71), that is, they entered into social dialogue in order to prevent, not to enhance, Community legislation.

At this stage the promise of a social dimension seemed to vanish, accentuated by the British Presidency's proposal of a far-reaching deregulation of European labour markets in 1986 (Rhodes 1995: 95). The British offensive boomeranged, however, and forged a coalition of member states and the Commission that initiated moves in the opposite direction and a new rethinking of strategy. Thus 1987 became a turning-point which re-established the political basis for an active EC role in industrial relations (Hall 1994a: 285). The subsequent Belgian Presidency, realising the problems of legislative harmonisation, and familiar in any case with national practices of social concertation, proposed adoption of an EC-wide platform of guaranteed minimum social rights. This represented a conceptual innovation, suggesting new relations between Community framework legislation, negotiations and national implementation (Teague 1989a: 76–77). A new period of social policy activism occurred, reflected in the statement from the Hannover Summit in 1988 that “the same importance must be given to social aspects as to economic aspects and they should consequently be developed in a balanced fashion” (EC Commission 26.3.1991).

Based on numerous draft proposals from the advisory Economic and Social Committee (ECOSOC), the Commission and the ETUC, Community debates about the possible design and legal nature of a Community social charter flourished (see Hall 1994a: 296, Martin and Ross 1995: 11, Teague 1989a: 82-83). While the ETUC wanted a legally enforceable charter of social rights, supported by forces in the DG-V, the ECOSOC and influential advisors of Delors favoured a less dirigiste approach. A central distinction of this debate was whether EC social policy should develop in the form of a Social Constitution or a Social Regime (Teague 1989b). The latter concept was introduced by the Beretta report of the ECOSOC, borrowed from the literature on international political economy where it had been defined as "sets of implicit or explicit principles, norms or rules and decision-making procedures" (Krashner 1983: 14, in Rhodes 1995: 83). The suggested plinth of social rights was assumed would constitute a social regime which would comprise more than guidelines, but less than legally binding obligations, and would require some type of ongoing institutional engagement, an "institutional place" between the social partners, the Commission and the member-states (Teague 1989a: 83). Delors himself was reported to be reluctant to challenge member-states by legislative initiatives and seemed attracted by the social regime approach, but was pressured by his advisors and trade unions to accept the need for legislative measures to insert new impetus into the process eventually leading up to the 1989 Social Charter and the Social Action Programme.<sup>14</sup> In 1989 the social dialogue was also reorganised. A new steering committee was set up and procedures for consultation of the main social partners on all social policy measures were agreed (Carley 1993).

In the view of Martin and Ross (1995: 10-18), the social policy approach adopted by the Commission should be interpreted as part of the broader strategy of the Delors inner circles. According to their "Russian Doll" strategy (cf. chapter 2), completion of the single market, followed by settlement of the budgetary package, reform of the structural funds and launch of the Economic and Monetary Union was assumed would raise new concerns and mobilise pressures for connected policy initiatives, including the social field, as a kind of politically constructed "spill-over". Acknowledging the reluctance of several member-states (pursuing "cheap talk" behind the back of Mrs. Thatcher), the resistance of employers, the relative weakness of European trade union bodies, and the scepticism of many national unions, the immediate purpose was to calm fears in the European labour movement, while the longer term objective was to acquire political support for the Commission strategy of treaty reform. By counting on substantial mobilisation of indignant voices if the promises of the Social Charter and Social Action Programme were not fulfilled, the goal was to create growing public pressure for a future change in the European social policy agenda (Martin and Ross 1995: 14).

The so-called Social Charter (1989) was designed to strike a compromise with the British by emphasising subsidiarity and co-ordination of nation-state policies, but in vane. The Community Charter of the Fundamental Social Rights of Workers was adopted as a "solemn declaration" at the Strasbourg Summit 1989 by eleven member-states (UK opted out) and required the Commission to set out a Social Action Programme to accompany it (for an over-

view see e.g. Addison and Siebert 1991, de Silvia 1991). Although the Social Action Programme steered a course between “upward harmonisation” on the one hand, and the “hands-off” approach advocated by UK on the other (Gold 1993: 27), it seemed to herald a new era of legal interventionism in the social policy arena. Containing 47 separate initiatives, its content was far from new, however. It was composed of a mixture of updates of existing measures, some new programmes in the field of labour market policy, training and vocational education, health and safety, a re-vamping of several dead-locked directives, and certain new initiatives concerning the right to contractual information, maternity leave, financial participation (Addison and Siebert 1991, Gold 1993).

Equally important, however, was that the Social Charter and the Action Programme set out its proposals in line with the subsidiarity principle and underlined the constitutional limits of EC action, while stressing the importance of respecting national practices. Implementation of many of the objectives sketched in the Charter were left to the member-states, especially those concerning collective labour law, and in several fields the Social Action Programme suggested the use of recommendations, communication, opinions and joint programmes, encouraging convergence of policies rather than harmonisation (Gold 1993). For the most part the objectives of legal proposals were less ambitious than their antecedents, reflecting the Commission's cautious approach to bolster their case for treaty reforms (Hall 1994a: 297). Most of the non-legal provisions were implemented the following years and some directives covering contractual information, collective redundancies, workers' maternity rights and working time were adopted in a diluted form. Several of the more substantial measures, however, ran into deadlock, such as the directives on European Works Councils, parental leave, rights of atypical workers, and on posted workers (aimed at inhibiting social dumping by cross-border projects) (Martin and Ross 1995). Thus, perhaps anticipated in the Commission strategy, when the preparations for the Maastricht Intergovernmental Conference started, the vision of a “social Europe” had once more run into crisis.

## 5.5 Review of the pre-Maastricht policy configuration

### 5.5.1 Actors, interests and institutional dynamics

Despite the fluctuations between activism and contraction during the 1960s–1980s, EC social policy had been marked by persistent and interrelated tensions between two camps of thought:

- \* those believing that political intervention was needed to correct market outcomes and ensure “upward harmonisation”, and those believing that social progress would follow as a natural effect of market integration;

- \* those favouring development of a supranational regime of social policy and intergovernmentalists defending national sovereignty where social and labour policy had become a core pillar in the post-war era;



\* trade unions calling for extended EC powers in the social policy field and employers pledging market liberalisation;

\* Community institutions with the proactive Commission, supported by the European Parliament and the ECOSOC, on the one hand, and the restrictive Council on the other;

\* Governments with different political orientations where Social-Democrats and the Neo-Liberalist UK government marked the poles, with Christian-Democratic governments favouring a social market economy in a crucial intermediary position;

\* social actors from countries with respectively high and low social wages, varying strength and different traditions of labour market regulation concerning the role of legislation versus collective bargaining.

Within the constitutional constraints and the multi-layered configuration of actors and institutions described above, the cycles of Community social policy had reflected shifts in the balance of power along all these dimensions, influenced by interdependent changes in the political economy, domestic politics and transformatory stages of Community integration. The EC social policy legacy had tended to expand during periods of economic upswing, enlargement and major Community reforms, while the opposite was the case in more difficult economic and political times. A continuous feature, however, had been the struggle between the "Euro-corporatist" and the "Euro-liberalist" coalitions (Rhodes 1992), and the persistent problem of finding regulatory solutions that took sufficient account of the diversity of labour market institutions in the member states. Cutting across national class cleavages and partly conforming with economic cleavages along territorial (North-South) lines, this challenge had further complicated the pattern of interest-formation and coalition-building. Despite the strong alliances of European unions and their fairly good access to Community power-centres, a third persistent feature had thus been the difficulty of European trade unions to overcome their internal divisions and constitute as a real social force at the European level (Visser and Ebbinghaus 1992).

Still, despite the protracted development of EC social policy, it could be noted that certain policy areas had been steadily progressing, notably measures to promote labour market mobility, gender equality, and health and safety protection of employees, that is, mostly individual rights of employees. A growing consensus could further be noted around measures aimed at overcoming obstacles to the transnationalisation of markets and production, such as the co-ordination of social security for workers moving across borders and corporate legislation associated for example with transfers of undertakings, insolvency, etc. Measures to improve labour supply, such as vocational training, could possibly also be added to this list together with regional transfers. A common feature is that these policy areas with some exceptions have limited effect on the relative competitiveness of employers in different countries and do not seriously affect the balance of power between management and labour, thus being compatible with the concept of "market-braking" measures aimed at ensuring a "level playing field" (Streeck 1995a, b).

Conversely, a clear continuity can be observed that the EC has had notorious difficulties in

reaching agreement around social policy measures that might have an impact on the distribution of wealth, the collective power-relations between labour and management within each member-state, or that might affect the relative competitiveness of business between member-states. That is, initiatives that touch on the core of industrial relations institutions and collective labour law, such as workers' participation and the right of industrial conflict, and measures that affect the welfare policy prerogatives have met with strong resistance (see e.g. Teague and Grahl 1992, Lange 1992, Streeck 1993).

Tending to "create and reflect tensions at the heart of EC policy formulation" (Gold 1993: 15), the uneven and patchy development of Community social policy during the first 40 years of integration left ample room for contradictory scholarly interpretations. While the "Euro-pessimists" tended to focus on the repeatedly unfulfilled promises and the series of defeats and retreats on the part of the social-dimension coalition, the "Euro-optimists" tended to focus on the many small steps of limited progress, gradual advances and the legacy of commitments and institutions built up over the years. While the former tended to see these as shallow monuments of cheap rhetoric, pursued for ideological reasons to co-opt labour to support the far more important project of market-making and monetary integration, the latter tended to see these institutions as potentially important steps towards building up political resources, symbolic capital and path-dependencies that eventually might lead to a complementation or modification of the market-driven mode of integration. In this view the upcoming Maastricht conference on treaty reform could be expected to become a crucial test.

### **5.5.2 Commission preparations for the Maastricht intergovernmental conference**

Looking forward to the Maastricht conference, the Commission was probably well aware of the relevance of the "Euro-pessimistic" outlook, facing it with the dilemma of how to keep its promise of creating a social dimension to the single market: How could the difficulties of the legal approach be overcome; how could political pressure be mobilised to transcend the existing constitutional constraints; and how could development of credible European social partners with capacity and will to engage in negotiating relations at the European level be encouraged?

Without having recourse to the coercive force of a real state, although it sometimes tried to leave the impression it had, the Commission had to create coalitions and political support which could influence the power resting in the intergovernmental castle of the Council.

First, the social dialogue was re-established in 1989, inviting the social partners to be consulted on upcoming legislation and the design and implementation of the Social Action Programme. UNICE was still unwilling to engage in binding talks, but a certain progress could be noticed, exemplified by the first so-called European framework agreement between ETUC and CEEP in 1990 (an overview of the social dialogue is found in chapter 7). Second, with the Social Action Programme the Commission opened a twofold offensive: (a) to provide incentives that might seduce and/or constrain the social partners to Europeanise further, perhaps

even to bargain on important issues at European level (Martin and Ross 1995: 16); (b) a campaign to convince national governments about the need to come around the British resistance by means of treaty reform, eventually bringing most of the member states on board (Rhodes 1995: 96).

Knowing that the main reason behind employers' engaging in social dialogue was to block industrial relations initiatives at Community level, whether legislative or negotiated, the Commission first sought to strengthen and encourage the ETUC and national union movements to become stronger European actors. In 1988 Delors for the first time held a speech on the ETUC Congress in Stockholm, triggering trade union visions of a social Europe, and later the same year he "killed two birds with one stone" by giving the previously anti-European British TUC a new set of issues to use against the Thatcher Government and convincing them about the utility of a Pro-European position, thereby prodding a major constituent of the ETUC to beef up its European commitments (Martin and Ross 1995: 16).<sup>15</sup>

These initiatives tended to bolster the configuration of European institutions and actors promoting the social dimension (Dølvik 1993a, Rhodes 1995). The Commission clearly represented the locus of this European "social policy coalition", which was complemented by vigorous activists in the European Parliament, the ECOSOC and representatives of certain member-states, in addition to the growing ETUC networks. Through my interviews it also became clear that the functioning of these networks was underpinned by close personal ties and commitments along political and national lines (Dølvik 1993a: 20). The important role Delors played in the ETUC development was also noticeable. According to Martin and Ross (1995: 17), he even went out of his way to take unionists seriously in private as well.<sup>16</sup> Delors himself was an ex-trade unionist who knew many of the ETUC leaders and his social affairs advisor, Patrick Venturini (a major designer of the Social Charter and Action Programme), was a former researcher of the French CFDT with longstanding and easy contacts with the ETUC networks in which the CFDT-fellow Jean Lapeyre, deputy secretary-general from 1991, was in charge of social dialogue and social policy (Martin and Ross 1995: 18). The president in ECOSOC until his death in 1991, Francois Staedelin was another influential CFDT operative, while the Belgian director-general of the DG-V, Jean Degimbe, was well acquainted with trade unionists and the ongoing dialogue between the social partners from his national background. The now famous French CFDT connections were complemented by strong Italian networks in which the director of the DG V office for social dialogue, Carlos Savoini, had a wide range of union contacts, which in 1991 became bolstered by the incoming general secretary of ETUC, Emilio Gabaglio (CISL). Also ECOSOC contained an active Italian trade union faction, using its infrastructure as the basis for Brussels activism. Thus, the Latin and partly Catholic union camp played a central role in EC social policy formation and represented a crucial link in the Commission's nourishment of privileged networks and communication between itself and the ETUC.

Another important aspect of these processes of European-level network-building was that many of these central actors had high-ranking contacts in their respective member-state gov-

ernments, particularly the French, the Italian and the Belgian, thus providing a nucleus between the two tiers of Community policies, the supranational and the intergovernmental. The contacts with such national governments would prove to be crucial for the Maastricht social policy compromise.

The Catholic thrust of the Community approach to social partnership, which has been emphasised by several scholars (Gold 1993: 17, Teague 1993: 166), implied that traditional class-based concepts provided limited understanding of the political configuration backing Community social policy. In the Latin, Benelux and German-speaking countries, Christian-Democrats, also on the employer side, have favoured variants of social partnership and were alien to the neo-liberalist approach of the British conservatives. The Commission was evidently well aware of this potential division of views inside the European employers' associations and sought to provide "carrots and sticks" which could help tilt the balance of power in favour of forces more open to negotiations at the European level. A major purpose of the legislative parts of the Social Action Programme was thus to increase pressure on the employer side, tempting them to engage in negotiating relations with the unions as a means of avoiding the even worse evil of unpredictable dirigiste legislation (Martin and Ross 1995: 18).

To *sum up*, in the preparations of the Maastricht Intergovernmental Conference the Commission seemed to follow a threefold strategy: first, encouraging establishment of more credible trade union bodies at the European level, capable of entering into negotiating relations; second, mobilising public pressure, sympathetic governments and political coalitions behind the demand for extension of Community social policy powers and treaty reform; and thereby, thirdly, providing incentives by which to influence the internal balance of power and approaches of European employers' associations into more positive attitudes towards European negotiations. This approach can be considered as a deliberate attempt to promote "spill-over" by combining creation of institutional incentives and path-dependencies with efforts to build up political power resources behind its mission. Whether these initiatives were sufficient to transcend the long-standing obstacles to EC social policy and the fundamental constitutional bargains assumed by the "Euro-pessimists" to preclude any significant European social policy integration remained to be seen, however. Notwithstanding the strategic approach of the Commission was successful in setting the social policy stage for the intergovernmental conference at Maastricht (Hall 1994a: 297–298).

## **6 Development of trade union structures and policies at European level**

### **6.1 Introduction**

While the establishment of the EEC in 1958 was soon followed by the foundation of European umbrella associations on the employer side – UNICE for private industries (1958) and CEEP for public enterprises (1961) – it took a while longer before trade unions united under the umbrella of the European Trade Union Confederation (ETUC). Established in 1973, ETUC comprised Socialist oriented EC and EFTA unions attached to the International Confederation of Free Trade Unions (ICFTU). The origin of ETUC, however, could be traced back to trade union structures developed during the early days of the European Coal and Steel Community (ECSC).

As result of a steady territorial and ideological broadening of the membership, ETUC has today become the most encompassing regional trade union association in the world, including both Christian trade unions belonging to the World Confederation of Labour (WCL) and unions with a Communist past in the World Federation of Trade Unions (WFTU). Besides a membership in 1995 of 49 national confederations and 16 European Industry Federations (EIFs), a growing number of trade unions from East and Central Europe have in recent years been associated. In Western Europe, ETUC has officially passed 46 million members, covering more than 80 percent of unionised labour and approximately 45 percent of employees in the area (Gabaglio 1996: 18). As the competing associations – Confédération Européenne des Cadres (CEC) and Confédération Européenne des Syndicat Indépendant (CESI) – have been weak and patchy, ETUC has attained a virtual organisational monopoly as the voice of organised labour at the European level (Falkner 1996d).

Reflecting the inclusiveness of the ETUC, however, the heterogeneity of membership has been high and the institutional, economical and political diversity of the affiliated organisations has been immense (Visser and Ebbinghaus 1992). As an umbrella of both national peak associations and European federations of national industry unions, ETUC has thus been faced with great challenges in reconciling effectiveness and legitimacy (Traxler and Schmitter 1994), unity and diversity (Goetschy 1995). The division of authority and responsibility between national constituent units and ETUC has been contested, as has the role to be played by the confederal ETUC versus the sectoral European industry federations (until 1995 called industry committees – EICs).

After ETUC had functioned mainly as a loose lobby organisation vis-a-vis Community institutions during its first decade of existence, the single market project triggered renewed attempts of ETUC integration, eventually leading to adoption of an ambitious programme for Europeanisation of trade union policies at the 1991 Congress.

In order to come to an understanding of the interplay between external and internal

dynamics that have shaped ETUC integration, in this chapter I review the historical evolution of European level trade unionism. Brief reference is made in section 6.2 to the historical legacy of international trade unionism; the development of trade union structures during the early stages of European integration in the 1950s and 1960s is reviewed in section 6.3; the foundation and development of the ETUC from the early 1970s is dealt with in section 6.4 and in section 6.5 an overview is given of renewed attempts to promote European trade union integration from the mid-1980s to the 1991 Congress of the ETUC; in section 6.6, some analytical lessons and organisational challenges facing ETUC when the renewed European visions of the 1991 Congress were to be put into practice, are summarised.

## 6.2 The historical legacy of international trade unionism

The evolution of trade union co-operation in Western Europe after WW II cannot be understood without taking into account the historical legacy and cleavages that have marked the labour movement throughout the 20th century. From the outset, the motives for international trade union co-operation were shaped by the insight that development of capitalism was an international phenomenon and that solidarity was an ideal transcending national frontiers (Blaise 1992: 10). Political and economic cleavages, great variation of organisational structures and cultures, and lack of resources and means, should however for long inhibit development of effective transnational trade union organisations (Ebbinghaus and Visser 1994).

The initial steps towards organising labour on an international basis were closely associated with the development of political labour co-operation in Europe in the late 19th century. After the slogan "Workers of the World Unite" was first written into the Communist Manifesto in 1848, it was repeated by Marx in the draft statutes for the International Workingmen's Association, known as the *First International*, founded in 1864 (Visser 1996: 178). As there were hardly any political or union organisations of significance on the European continent at the time – most socialist parties and national unions were not formed until the 1880s – the association dwindled away. After some rallying in the defence of the Commune of Paris in 1871, the First International fell apart as a result of ideological clashes between the followers of Marx and Bakunin in 1872 (ibid.: 178).

During the formative years of European labour movements in the 1880–1890s, international influences played a secondary role. According to Visser, "available historical (...) evidence supports the thesis that their birth, structure and ideology were chiefly determined by the shape and changes of national economies, national labour markets, national law and national political systems" (ibid.: 180). Still, during the period 1870–1914 a considerable volume of international exchange, through migration, travel, propaganda or money, did occur and helped to propagate ideas or set examples, assisting pioneers or financing a striking union through hard times (ibid.: 180). Co-operation between Scandinavian trade unions was ini-

tiated from 1886 and at the industry level formation of International Trade Secretariats (ITSs) mushroomed from the 1880s. Such co-operation was institutionalised in the (Socialist or Social-Democratic) *Second International* (1889-1914), stimulating a gradual evolution of transnational union structures (Blaise 1992: 11). The international was instrumental in setting up national "Secretariats" as rallying points for party and union organisations in various countries (Visser 1996: 180). In 1901 a meeting of national union centres and International Trade Secretariats was convened in Copenhagen, and two years later an International Secretariat of National Trade Union Confederations was founded, in 1913 becoming the *International Federation of Trade Unions* (IFTU) (Blaise 1992: 11). Its aims were exchange of information and solidarity. It did assist in the struggle for the "eight hours working day", but was not allowed to move on issues related to social legislation, which remained the preserve of the socialist parties (Visser 1996: 180). From 1907 the International Trade Secretariats began to establish links with the confederal Secretariat and membership of the federation rose from 1.2 million in 1902 to 7.7 millions in 1913 (Blaise 1992: 11).

Already during this pioneer era of international trade union co-operation one could observe features of significance for later developments. According to Blaise (*ibid.*: 11), first, clear distinctions could be traced between "Socialist centralists" (Belgian, German, Scandinavian, Dutch and Swiss unions), "trade-unionists" of more pragmatic type (British and American unions), and a "revolutionary" track (French, Italian, Spanish unions). Second, the means and resources available were extremely weak. Third, German unions were dominant, due to their organisational leadership, material support and the fact that most Trade Secretariats were located in Germany. In ideological terms the German union leaderships neutralised the revolutionary faction by concentrating on mutual information and documentation, while leaving political issues to the Socialist International (*ibid.*: 11). Thus, the international union organisations in this period functioned mainly as networks with no supranational authority to bind national affiliates, implying that "there was hardly anything which could make the very high-minded ideology of internationalist Socialist solidarity — of 'workers without a fatherland' — into practical reality" (Visser 1996: 181). In 1914, when the German Socialists voted for the war credits and the labour movements in Europe (except the Italian) rallied behind their own flag, this pioneer internationalism came to an abrupt end (*ibid.*: 181).

With the failure of labour internationalism in 1914 and the October revolution in 1917, international trade union co-operation entered a longlasting period of ideological divide and rivalry. The political cleavage between the Third International (Comintern) and the reformist Second International was reflected in the struggle between union forces supporting the Soviet-led Profintern — the "*Read International of Labour Unions*" (RILU) claiming to have approximately 10 million members in the mid-1920s — and the reformist *International Federation of Trade Unions* (IFTU) which was re-established in 1919, claiming to have about 20 million members (Blaise 1992: 12). The cleavage was compounded by the fact that Profintern did not have proper member organisations but was an organising centre for

Communist opposition within existing unions, accentuated by Stalin's creed for absolute loyalty with the "Socialist Homeland" of the USSR, further adding to the tension between internationalism and nationalism in the union movements. It was not until the Soviet change of tactics during the Popular Front in 1935 that the Profintern was inactivated and, in 1943, disbanded (Visser 1996: 181-182).

After WWI the IFTU was organisationally strengthened. Proper offices were set up in Amsterdam, the election of an executive committee was held, membership fees were paid, and new (non-Socialist) members from overseas joined the association (ibid.: 182). The hegemony shifted back from German to British unions and attempts were made to integrate the International Trade Secretariats. This failed, however, and in the mid-1920s the American Federation of Labour (AFL) withdrew from the association and did not re-enter before 1939. Owing to the ideological splitter, the rise of Fascism and repression of labour movements, together with the persistent economic crisis and class struggle in most European countries, the IFTU soon declined and each union movement tried to survive as best it could within its national state (ibid.: 182).

The great attention paid to the cleavage between Socialists and Communists has implied that the State-Church cleavage, associated with the evolution of a Christian-social branch of the international labour movement, has often been overlooked (Ebbinghaus 1996). The ambition of the First International, however, was actually compared with the Catholic Church, probably the most powerful transnational organisation at the time (Visser 1996: 183). Faced with the emergence of Socialism and class struggle, the papal encyclica *Rerum Novarum* of 1891 had rejected both Socialism and Liberalism, and stressed the need for inter-class co-operation and unity (ibid.: 183). As many Christian workers became attracted by the Socialist movement, Catholic organisers around the turn of the century began to set up unions in a number of European countries. In 1920 the *Confédération Internationale des Syndicat Chrétiens* (CISC) was formed by Catholic unions from Germany, Belgium, France and Holland, comprising nearly 4 million members (Blaise 1992: 13). A major factor seems to have been the allocation of seats and access to policy-makers through the tripartite structure of the International Labour Organisation (ILO) (Visser 1996: 183). Relations with Socialist unions in the inter-war period were reported to be very tense, and the loss of the Italian and German affiliates seriously weakened the CISC, having only member organisations in seven European countries in the late 1930s (Blaise 1992: 14).

Thus, in the 1930s when capitalism went into deep international depression and anti-labour regimes spread in Europe, the international organisation of labour was weak, divided and commanded no adequate means with which to respond. Conversely, trade unions increasingly turned to the national state in their struggle against unemployment and social crisis (Visser 1996: 184). The rapprochement of labour and the national state which had begun well before 1914, was intensified during the war, and became reinforced with the growth of state social programmes during the world recession, accompanied by growing support among trade unions for protectionism. Thus "the general extension of political, social



and industrial rights to workers increased their 'stake' in the national state as the provider and guarantee of such rights. No longer could it be said (...) that 'workers had nothing to loose but their chains' or that 'they had no fatherland'" (Visser 1996: 184).

WWII became a watershed of international trade unionism in many respects. First, the process of national reconciliation and settlement of broad class compromises in most Western countries reinforced the integration of trade unions in nation-state politics: "In 1945 and 1946, unions were reaching the peak of identification with national interests. French communists were no less patriotic than their American confrères. CGT leaders wrapped themselves in the *Tricolore* with all the fervor of American trade unionists waving the *Stars and Stripes* at their conventions in the same period" (MacShane 1992: 281, in Visser 1996: 188).

Second, the development of contacts between British and Soviet labour organisations during the war initiated a process of detente and unification of trade unions at the international level, leading in 1945 to the foundation of the *World Federation of Trade Unions (WFTU)* (Platzer 1991a: 39). With only the American AFL and the Christian trade unions refusing to enter, the WFTU assembled trade union centres from 64 countries, claiming an aggregate membership of 67 million workers (Visser 1996: 188). The important International Trade Secretariats rejected membership of the new association, however (Blaise 1992: 12), implying that the WFTU became a loose umbrella of confederations centred around general post-war visions of peace and anti-Fascism (Platzer 1991a: 40).

Third, the attempt to bridge the cleavage between East and West and between Communists and Social-Democrats in the WFTU soon broke down under the pressure of ideological tension and the onset of the Cold War (Platzer 1991a: 37). The International came under strong fire from the International Trade Secretariats, often marked by anti-Communist orientations, and in 1949 disagreement over the Marshall plan catalyzed a split of the WFTU between Communist and Socialists unions. The former opposed West European integration and the Socialist and various (Social)-democratic unions formed the *International Confederation of Free Trade Unions (ICFTU)*, including also American and other overseas organizations (Barnouin 1986: 4).

Thus a situation with three separate trade union internationals occurred: the predominantly Socialist oriented International (ICFTU), the International of Christian trade unions (CISC, from 1968 WCL) and the Communist international (WFTU) (Platzer 1991a: 37). This ideological cleavage has persisted until recently at the global level and complicated the process of trade union integration in Europe, even though developments in Western Europe gradually evolved in a different direction.

### 6.3 Evolution of European trade union structures (1950–1970)

The development of West European trade union structures during the period of post-war reconstruction was triggered by the emerging initiatives of West-European integration at the

time.<sup>17</sup> The Schuman Plan, leading to the establishment of the European Coal and Steel Community (ECSC) in 1951, aroused trade union interest and led to the foundation of the *European Regional Organisation of the ICFTU (ERO-ICFTU)* in 1950 (Gobin 1996: 150). Similar structures were set up by the Christian unions. Two years later the so-called "*Committee of the 21*" was formed, representing ICFTU confederations and industrial federations in the coal and steel sector of the participating six countries (ETUI 1991b: 7).

In this initial phase the non-Communist unions were, according to Barnouin (1986: 4), strongly in favour of far-reaching European integration and incorporation of Germany into the European Community.<sup>18</sup> In the ECSC the trade unions managed to secure treaty commitment to upward equalisation of living and working conditions, social programmes to accommodate industrial restructuring were organised, and a consultative committee with labour representation was attached to the High Authority (Gobin 1996: 178). Proposals for the development of transnational collective bargaining and harmonisation of social security were forwarded, particularly by Belgian trade unions, while the German unions argued for common working time legislation and codetermination practices within the ESCS (Haas 1958: 236).<sup>19</sup> The fairly receptive attitude to trade union demands in the ECSC was, according to Barnouin, partly due to the governments' recognition of the need for trade union support, and partly due to their desire to bolster non-Communist unions (Barnouin 1986: 5).<sup>20</sup>

When the plans for further EEC integration were launched in 1955, the ERO-ICFTU called for the establishment of strong supra-national institutions, harmonization of economic and social policies and labour representation at all levels of Community decision-making. The trade unions also took part in the Action Committee for the United States of Europe, established by Jean Monnet, according to whom the German unions were crucial for the turn of the German Social Democratic Party from original scepticism to support of European integration (ibid.: 6).<sup>21</sup>

However, as trade unions did not achieve any major influence on the preparatory stages of the Rome Treaties, the establishment of the European Community became a deception for the trade unions (Gobin 1996: 178-185). As noted by Haas (1958: 374), "the trade unions desired to minimise the anti-labour competitive consequences of the Common Market and to counter what is, in labour ideology, a capitalist conspiracy to run the integrated Europe of the future", but with limited leverage. As shown in chapter 5, the basis for social policy harmonisation within the EEC became very restricted and the trade unions did not achieve any proper institutional representation, except in the advisory Economic and Social Committee which was a result of considerable trade union pressure. The disappointment of trade unions was further compounded by the fact that these half-hearted measures for an integrated Europe coincided with severe social and economic problems in the aftermath of the Second World War (Barnouin 1986: 7).<sup>22</sup>

In spite of the general support of European integration among the Socialist and Christian trade unions, Gobin argues that distinctly different approaches marked the trade union debates in this period (Gobin 1996: 164-173). She distinguishes between "une option syndi-

cale européenne de type *politico-idealiste*" and "une option syndicale européenne de type *pragmatique*". While the former was marked by the general post-war desire for peace, combat of patriotism and creation of a united Europe, the latter was more marked by a conditional acceptance of economic integration and demands for socio-political integration to offset the threats this implied for labour. Gobin further distinguishes between two kinds of pragmatism: the first focused on the need for trade unions to adapt to the new realities by developing European trade union institutions to influence Community developments, the second emphasised the necessity to restructure trade union organisations on a trans-border basis and develop union *counter-power* (Gobin 1996: 165).<sup>23</sup>

Compared with the great initial visions, the actual pace of trade union integration in the early stages of Community integration was very modest, however. According to Haas (1958: 355-367), divergent national thoughts, interests and old habits of international co-operation effectively hindered integration. For example, it was reported that the German "DGB has been more interested in bettering the external competitive position of German industry than in exploiting supra-nationalism for the benefits of higher wages or better working conditions" (ibid.: 355). When the Belgian union leader André Renard (FGTB) in 1955 forwarded a radical programme for harmonization of labour policies, the DGB was the crucial lukewarm factor (ibid. 380): "They felt confident of their own bargaining strength in Germany, having no wish to tie themselves down by acting as the protector of weaker unions in the ECSC" (Haas 1958: 380).

Thus, the ERO-ICFTU functioned "like a permanent conference compromising between national viewpoints", leading to adoption of "minimum common denominator positions" (ibid.: 357, 360). Like today, Belgian trade union leaders voiced their frustration: "It is so much easier to agree among a few, as with steel, as among many as is the case with us. The steel cartel has been revived and we still debate the creation of our trade union international at the ECSC level! I greatly fear that we will never attain a sufficiently integrated organisation (...)"<sup>24</sup> Also in striking parallel with current debates the Christian trade unions argued that "it is the duty of the High Authority to compel employers to bargain supranationally, or at least to submit to High Authority directives on labour questions, because increasingly, national firms and trade associations evade relations with their workers at the national level by referring to the existence of supranational rules and authorities" (ibid.: 367).

In short, the attempts at trade union co-operation in the early days of European integration highlighted the conflicting interests, deep ambivalence and the related problems of finding appropriate modes of international decision-making within European trade union frameworks. Consequently the "Committee of 21" never became more than a liaison office lacking all powers of policy-making and functioning essentially as a lobbying centre in Luxembourg (ibid.: 363).

"The net result was that European trade union structures established to deal with the European Community were relatively weak. The Socialist and the Christian trade unions established separate structures in the form of loose co-ordinating bodies with little interaction between them and with no decision-making powers." (Barnouin 1986: 7)

The ICFTU unions in the EEC set up a European Trade Union Secretariat in 1958, while the Communist unions continued their anti-integrationist stance and established an action committee against the "Europe of the Monopolies" in 1957. The EFTA trade unions on their part established a loose co-ordinating committee in 1960 (Barnouin 1986: 8). At the industry level the establishment of the Common Market had triggered the formation of Brussels-based offices for representation and lobbying purposes in some of the most affected sectors such as agriculture (EFA), food (IUF), building trades (EFBW) and chemicals (ICF) (Visser and Ebbinghaus 1992: 225).<sup>25</sup> During the 1960s these were followed by the formation of industry committees in a number of sectors, partly influenced by the Commission's attempts to promote social dialogue (Rütters and Tudyka 1990: 569, 572). The unclear relations between the confederal European Trade Union Secretariat and the committees at industry level represented a persistent source of tension, as did the relations with the Christian confederation (Gobin 1996: 319, 327).

Relations with the confederal European employers' associations were in this initial period marked by UNICE's firm refusal to participate in any binding exchange with unions at Community level, leading Otto Brenner (leader of DGB, Germany) in 1964 to state that the idea of European collective bargaining had been premature (ibid.: 264, 351). Thus it became clear that "nos interlocuteurs sur le plan européenne sont en premier lieu les instances communautaires (...)" (ibid.: 345). In fact no formal meeting with UNICE to discuss European social policy was achieved before 1967 (ibid.: 354).

To *sum up*, the initial phase of West-European integration led to a rather fragmented pattern of trade union organisation, mainly oriented towards representing union views vis-a-vis Community institutions. Within the ICFTU framework the confederal ERO-ICFTU was on the one hand supplemented by two confederal Secretariats of EEC unions and EFTA unions; on the other hand by a growing number of European industry committees and European branches of the ITSs. In addition came the structures of the Christian unions and the anti-monopolist committee of the Communist unions, altogether implying that:

"Diversity, lack of general co-operation, and the absence of adequate supranational structures appear as the main drawbacks of the European trade union movement; and unless there are drastic changes these features will determine the outlook for future European labour relations" (Blanpain 1972: 301).

## 6.4 Development of the ETUC (1970–1985)

### 6.4.1 Foundation

The next stage of trade union efforts to build more integrated European structures emerged in the late 1960s. As in the early 1950s these efforts were triggered by initiatives to deepen and enlarge the Community, but also increasing economic restructuring and internationalisation had an impact, according to Barnouin (1986: 8).<sup>26</sup>

In 1969 the ICFTU unions of the EC countries set up a *European Confederation of Free Trade Unions (ECFTU)*. This represented a step towards stronger institutionalisation based on a congress, a permanent Executive and a Secretariat, together with a formal recognition of majority voting, suggesting a possible supra-national dimension was evolving (Platzer 1991a: 46). The same year the Christian unions created the *European Organisation of the World Confederation of Labour (EO-WCL)*, associated with a turn towards secularisation and a more radical anti-capitalist orientation (Blaise 1992: 14). According to Barnouin (1986: 9), the founding organisations here operated independently of their Internationals, implying that they for the first time in international trade union history had opted for a considerable degree of regional autonomy.

Also the Communist trade unions, notably the Italian CGIL and to some extent the French CGT, were gradually adjusting their approach to the Common Market. In 1967 they had established a liaison office in Brussels and obtained recognition by the Commission (Platzer 1991a: 49). The EFTA trade unions for their part had set up a Brussels Secretariat for the EFTA-TUC, comprising all ICFTU unions in the EFTA countries (Barnouin 1986: 12).

During 1970, discussions took place in the ECFTU about a possible merger with the EO-WCL, but the Belgian FGTB and the French FO objected, because of domestic conflicts with the Christian unions (CSC and CFDT) (Gobin 1996: 522). Foreseeing a Danish, Norwegian and British entry into the EEC, the new German president of the ECFTU, Heinz-Oscar Vetter, early in 1971 launched the idea of territorial enlargement. A conference of all European ICFTU unions was convened in Frankfurt on 19–20 June 1971, followed by a meeting in Oslo on 5–6 November 1971 to discuss principles for a further integration of trade union structures in Western Europe (*ibid.*: 523–524).<sup>27</sup> There it was recognised that

“the increased economic and technological interaction between Western European states affecting national economic growth and employment situations precludes an effective representation of workers’ interests on the national level alone.” (Barnouin 1986: 12)

A working group was set up to elaborate the form and manner of closer co-operation, but it rapidly ran into difficulties. Considerable differentiation of views prevailed concerning the geographical scope, ideological inclusiveness, the objectives, the mode of co-operation, and the links with the ICFTU (Gobin 1996: 525). The British TUC, which would add 10 million new members to the 11 million organised within the EEC, was fighting British EEC membership and came to play an ambivalent and restrictive role (Barnouin 1986: 13). Opposed to any concept of supranationality and monetary integration, the TUC highlighted the limitations of union co-operation confined to the EEC and called for a much broader scope of trade union action, eventually comprising all trade union confederations in Western Europe including the Communist unions (*ibid.*: 14, Platzer 1991a: 53). The TUC 1972 Congress, however, accepted starting with the inclusion of all the ICFTU affiliates of the region.

The Nordic trade unions shared the British views on the regional scope and objectives, but were sceptical of including the Communist unions. Both Danish and Norwegian unions

actively campaigned for membership of the EEC, but they wanted the new association to adopt a broad approach to prevent any split of the Nordic union movement between EEC members and others. Thus the Nordic Council of Trade Unions (NFS) was established in June 1972 (Barnouin 1986: 15). This broad approach was also supported by the Italian CISL and UIL as well as the Belgian FGTB.

A different approach was forwarded in particular by the German DGB, which favoured an organisation restricted to the enlarged Community. According to Barnouin (1986: 15), the Germans emphasised efficiency arguments and the need for a functional organisation with the specific task of dealing with Community affairs. Furthermore, the DGB feared that a geographical extension could imply an ideological opening beyond ICFTU members, increasing complexity and incoherence.<sup>28</sup> As mentioned, the TUC had suggested an opening for Communist unions and in Italy the member organisations (CISL and UIL) were conducting negotiations about unification with the Communist CGIL (Platzer 1991a: 52).

At a meeting in Geneva on 6 June 1972 a compromise was struck, according to which the broad territorial approach was accepted, while Christian and Communist unions were kept out of the founding process (Barnouin 1986: 16, Gobin 1996: 533). Yet disagreement prevailed with respect to the primary objectives of the association: Should it be oriented towards union transnationalisation and build-up of union counter-power in general? Should it mainly focus on co-ordination of union action vis-a-vis multinational companies? Or should it concentrate on representation of labour interests vis-a-vis Community institutions? (Gobin 1996: 528). Tensions which have marked European trade union co-operation ever since came to the fore.

A related issue of controversy, re-occurring with increased strength in the 1990s (see chapters 9 and 11), concerned the role of the European industry committees. Reflecting national union traditions, the German, Belgian and French confederations wanted integration of the industry committees, while strong resistance arose from the British and Nordic sides. According to Platzer (1991a: 57), the TUC wanted to avoid a transfer to the European level of the fragmented British union structure, while the position of the Nordic unions, familiar with strong industrial entities at home, appeared more puzzling (*ibid.*: 57). The Nordic view, reiterated in the 1990s, was that since their confederations were attributed central power to represent their industrial affiliates, a second channel of industry union representation would bring about inconsistency. This presumably also reflected the intergovernmentalist approach of the Nordic unions, implying that the European organisation should be a meeting-place between national confederations, not transnational industry federations. Visser and Ebbinghaus (1992: 228), further, suggest that both TUC and the Nordic unions feared erosion of the International Trade Secretariats and gave higher priority to international union action against world-wide operating multinational companies than improved co-operation within the Community. This reflected the resistance of the ITSS attached to the ICFTU. Because of the dominant role of European industry unions in the ITSS, it was feared that integration of industry committees into an autonomous European association could undermine the inter-

national bodies (Platzer 1991a: 56). A compromise was eventually struck, implying that the industry committees were allowed advisory representation in ETUC bodies and voting rights on Congress, except in financial and statutory questions. Recognition of industry committees was to be decided by the ETUC Executive Committee, which subsequently designed restrictive criteria for this (see section 6.4.3).

On the external front too, tension arose concerning relations to the world-wide International (ICFTU), an issue which was to gain renewed attention in the 1990s.<sup>29</sup> Increasing concerns were voiced by non-European affiliates of the ICFTU that the creation of an autonomous regional organisation in Europe would imply decreased interest in the global labour organisation, in particular to the detriment of the developing countries. It was also feared that the ICFTU could be sidelined in European matters, hereby weakening the influence of ICFTU, where the American unions played an influential role (Barnouin 1986: 16). Affirming they would continue as ICFTU members, the European organisations insisted that their European association would be complementary to the International; the solution was eventually accepted.

After the compromise reached in June 1972 had seemingly paved the way for the foundation of the new association, a new dead-lock emerged in the fall 1972. In September 1972, both the TUC Congress which adopted a radical anti-EC programme,<sup>30</sup> and the Norwegian No-vote to EC-membership on 25 September 1972 brought about concern among EC unions that the new organisation might by-pass EEC problems (Gobin 1996: 534, Barnouin 1986: 14). Disagreement had also emerged as to the British contribution to financing of the new organisation. The German DGB thus withdrew from the previous compromise and insisted on an organisation strictly limited to EEC organisations and EEC matters (Gobin 1996: 534). The DGB Executive Board (20 October 1972) even expressed concern that the TUC might consider an enlarged ECFTU as an instrument against the EEC (Barnouin 1986: 17). The Danish confederation, on behalf of the Nordic unions, countered that also non-EEC organisations would indirectly be strongly affected by EEC policies without having any influence, and that a broad European association would thus become even more important. When the DGB Executive reiterated its position on 7 November 1972, the conflict escalated as the British TUC and the Danish LO declared they would not become members of the new organisation. The former feared domestic splits, the latter emphasised it would not allow a further schism of the Nordic unions (Barnouin 1986: 18).

A series of bilateral consultations were held in which the general secretary of Danish LO, Thomas Nielsen, declared Nordic willingness to function within an organisation with a series of broad objectives, but whose principal task would be to represent workers' interests vis-a-vis the Community. Fearing divisions also among the EEC unions, where for example the Belgian and Italians supported an inclusive organisation, the DGB finally gave in and accepted a "large solution" (*ibid.*: 18–19). For the internal interest-accommodation a compromise formula was designed, according to which only the directly affected organisations should vote on issues related to either EEC or EFTA questions.<sup>31</sup>

The green light for the founding of ETUC was then given at a Conference in Luxembourg

on 30 November to 1 December 1972. First, however, another hurdle had to be crossed, reflecting underlying ideological tensions which were soon to come to the fore. Several unions, especially the German, French, Swiss and Austrian, wanted to insert the word "free" into the name, in order to distinguish the new organisation from Communist unions in particular (Barnouin 1986: 19). This was rejected by majority vote and immediately after the founding Congress in Brussels on 8–9 February 1973, complicated discussions began over whether to allow affiliation of non-ICFTU confederations.<sup>32</sup>

Establishment of the ETUC illustrated, first, how closely related trade union integration in Western Europe had been to the broader processes of economic-political integration and enlargement of the Community;<sup>33</sup> second, how the diversity of membership with regard to union structures, ideologies and attitudes towards European integration conditioned the mode of integration; and third, how complex the constellation of interests and coalitions within the new association was to be.

#### **6.4.2 Ideological enlargement of the ETUC**

As emphasised by Olsen (1995a), the process of drawing and re-drawing boundaries, and developing principles of inclusion and exclusion, are crucial for identity formation and definition of solidarity and community within organisations. During the establishment phase of the ETUC the issue whether to allow affiliation unions outside the ICFTU international was an underlying source of tension which had been resolved by postponement. As soon as the ETUC was founded, however, the issue resurfaced.

In the late 1960s and early 1970s several proposals had been made by the Christian unions (EO-WCL) to reinforce and institutionalise co-operation with ECFTU unions. The Christian unions had collaborated with ICFTU unions within the ECSC, Community institutions and the Trade Union Advisory Committee (TUAC) to OECD since the early 1950s and shared their positive attitude towards European integration (Platzer 1991a: 53, Barnouin 1986: 21). Moreover, a certain convergence of political and organisational orientation had evolved, expressed in the "revolutionary" congress of the Christian International (renamed WCL) in 1968 (Blaise 1993: 14). Following a gradual de-confessionalisation, the WCL then adopted a radically altered social approach, calling for socialisation of the means of production; planned, democratic economic governance; and struggle against the multinational corporations (ibid.: 14).

When the admission of Christian unions was again raised in February 1973 two types of problems occurred (Barnouin 1986: 23–24): (1) Tensions and competition between unions affiliated to the ETUC and Christian unions at the national level, in particular in France and Belgium where FO and FGTB were highly critical; and (2) tensions stemming from the relationship between the ICFTU and WCL at the international level.<sup>34</sup> In addition to the FGTB, the British TUC and the Italian CISL considered that entrance of Christian unions should be made conditional on affiliation of Communist unions as well. The problem of links with the WCL was finally resolved by a tactical move from the Christian unions (ibid.: 23), proposing



the set-up of a working group to discuss a possible merger between the ICFTU and WCL (- which eventually came to nothing). Agreement was then reached that Christian unions (keeping their relations to WCL) could be affiliated to the ETUC on an individual basis, leading to the inclusion of seven Christian unions from Belgium, France, Holland, Luxembourg and Switzerland in 1974 (Gobin 1996: 542).

In parallel, the (Euro-)Communist confederation, CGIL, from Italy had signalled its interest in joining the ETUC. The subsequent processes highlighted, first, the legacy of ideological cleavage and East-West divide within the international trade union movement; second, the intimate interplay between national and European developments in the trade union movements (Barnouin 1986: 24–30). After the 1948 split of the Italian unions, the CGIL had gradually taken steps towards greater independence of the Soviet-led WFTU. First, it had re-oriented its view on the Community in a more positive direction; second, it took an increasingly autonomous attitude towards international questions (for example criticising the invasion in Prague 1968); third, it had entered into close co-operation with the other Italian unions (CISL and UIL), after the “hot autumn” in 1969 leading to negotiations over re-unification.

Initial contacts with ETUC representatives about admission of the CGIL revealed that the focal problem was the CGIL membership in the Communist International (WFTU) (Barnouin 1986: 26). Thus, in 1974, CGIL unilaterally redefined its relations to WFTU into an consultative role and also withdrew from the executive bodies of the Italian Communist Party (PCI).

Still, considerable disagreement prevailed within the ETUC. In addition to the Italian members, the British and Irish unions, together with the Belgian FGTB, French CFDT and Austrian ÖGB, were in favour. Especially the German DGB and the French FO were opposed, but also several Christian unions and the Nordic unions were sceptical (*ibid.*: 27–28). After the foundation of the German Democratic Republic (GDR) the German union movement had been sceptical of all contact with Communist organisations, while the FO had refused any dialogue since its withdrawal from the Communist CGT in 1949. The latter organisations therefore demanded that the question should be lifted to the ICFTU for consultancy before it was settled.

Since its inception the ICFTU had been marked by American influence and a strong anti-Communist orientation. Accordingly strong opposition was voiced, especially from the Asian and other Third World associations (Barnouin 1986: 29–30). The European associations, however, countered that a single Communist affiliate of the ETUC, dominated by a majority of Socialist unions, was no threat and would rather increase the influence of Socialist and Christian values on that organisation. In response to fears that the ICFTU would be split, a demand was made that the European members should reaffirm their attachment to the ICFTU as a condition for winning acceptance of CGIL affiliation to the ETUC. According to Barnouin (*ibid.*: 30), this process made clear that the ETUC actually had become an autonomous organisation without any real organic link to the ICFTU. The CGIL was then accepted as an ETUC member in July 1974 by twenty-one votes to seven.<sup>35</sup>

With the inclusion of the Christian confederations and the Communist Italian confederation, the initial phase of ETUC establishment and enlargement came to an end. In view of the legacy of ideological cleavage within the international union movement, however, the accomplishment was significant. Still, ideological divisions persisted, exemplified by the question of affiliating the French Communist confederation, CGT, and the Spanish *Comisiones Obreras* (CC-OO), which remained controversial and unresolved issues throughout the 1970s and 1980s (Barnouin 1986: 30–40). Compared to the reformist orientation of the Italian CGIL, the French CGT maintained a more orthodox ideological approach, opposing EC integration and continuing affiliation to the WFTU. Also influenced by inter-union rivalry in France, CGT admission has been blocked by the French FO.<sup>36</sup> After legalisation of the trade unions in Spain in 1978 the CC-OO, which had close ties with the Spanish Euro-Communist party, initiated talks over ETUC affiliation. In this case rivalry between the Spanish Socialist union UGT, affiliated to the ETUC, and the CC-OO, together with a fear that admission of the CC-OO could open for affiliation of the French CGT and the Portuguese Intersindical, caused stalemate.<sup>37</sup> Consequently, it was not until the fall of the Berlin Wall that the CC-OO (1991) and, somewhat later, the Portuguese Intersindical (1993) were taken on board, while the French CGT is still kept outside, mainly due to FO opposition (Turner 1995).

During the time- and energy-consuming discussions over how to define the ideological boundaries of the ETUC, it was agreed among ETUC member organisations in 1979 to formulate general principles and criteria for the admission of new affiliates. According to these principles an ETUC member (1) ought to possess basic potential for reaching consensus with all the other affiliates; (2) would have to be compatible with the “free, democratic and independent trade-union action of the ETUC”; (3) had to be situated in a country that was a member of one of the European intergovernmental organisations (the EEC, EFTA or the Council of Europe); (4) would have to be able to co-operate if several associations from one country wished to participate at the European level; and (5) would have to give the particular attention to the opinion of already affiliated organisations from the country of the applicant (Barnouin 1986: 35). In practice, the last mentioned criterion provided an effective veto-right to existing national member organisations, but, as would appear in the next round of enlargement from the late 1980s, it also created European level incentives for national trade union integration.

#### **6.4.3 Membership structure**

When founded in 1973 the ETUC was composed of 17 confederations covering 36 million members from 16 West European countries and six recognised industry committees (Barnouin 1986: 51). With the accession of the Christian organisations, the Italian CGIL and additional admissions of confederations from among others Finland (SAK), Ireland (ICTU) and Denmark (FTF), the number of affiliates rapidly increased to 30, representing more than 40 million members in 1976 (*ibid.*: 52). In the early 1980s new members from Greece (GSEE), Portugal (UGT), Malta (GWU, CMTU) and Cyprus (SEK) further extended the territorial coverage to 20

countries, in 1983 including roughly 41 million members from 34 confederations (ibid.: 56).

**Table 6.1 National trade union confederations affiliated to ETUC 1983**

Trade-union confederations	Workers represented	Country
Fédération Générale du Travail de Belgique (FGTB)	925, 000	Belgium
Confédération des Syndicats Chrétiens (CSC)	1,140,000	Belgium
Cyprus Workers' Confederation (SEK)	41, 000	Cyprus
Cyprus Turkish Trade Unions Federation (TURK-SEN)	10, 000	Cyprus
Landsorganisationen i Danmark (LO)	1, 270, 000	Denmark
Fällesrådet for Danske Tjenestemand- og Funktionärorganisationen (FTF)	303, 000	Denmark
Deutscher Gewerkschaftsbund (DGB)	7, 100, 000	Fed.Rep. of Germany
Unión General de Trabajadores de España (UGT)	251, 000	Spain
Solidaridad de Trabajadores Vascos (STV-ELA)	110, 000	Spain
Confédération Générale du Travail - Force Ouvrière (CGT-FO)	930, 000	France
Confédération Française Démocratique du Travail (CFDT)	955, 000	France
Trades Union Congress (TUC)	10, 000, 000	Great Britain
Greek General Confederation of Labour (GSEE)	300, 000	Greece
Irish Congress of Trade Unions (ICTU)	640, 000	Ireland
Alþýðusamband Ísland (ASI)	51, 000	Iceland
Bandalag Starfsmanna Ríkis of Baeja (BSRB)	17, 000	Iceland
Confederazione Italiana Sindacati Lavoratori (CISL)	2, 800, 000	Italy
Confederazione Generale Italiana del Lavoro (CGIL)	4, 350, 000	Italy
Unione Italiana del Lavoro (UIL)	1, 151, 000	Italy
Confédération Générale du Travail de Luxemburg (CGT-Lux.)	39, 000	Luxembourg
Lëtzebuurger Chrëstleche Gewerkschaftsbond (LCBG)	15, 000	Luxembourg
General Workers Union (GWU)	29, 000	Malta
Confederation of Maltesian Trade Unions (CMTU)	11, 000	Malta
Federatie Nederlandse Vakbeweging (FNV)	966, 000	Netherlands
Christelijk Nationaal Vakverbond (CNV)	263, 000	Netherlands
Landsorganisasjonen i Norge (LO)	650, 000	Norway
Österreichischer Gewerkschaftsbund (ÖGB)	1, 673, 000	Austria
Schweizerischer Gewerkschaftsbund (SGB)	459, 000	Switzerland
Christlichnationaler Gewerkschaftsbund (CNG) including Schweizerischer Verband evangelischer Arbeitnehmer (SVEA)	110, 000	Switzerland
Toimihenkilö-ja Virkamiesjärjestöjen Keskusliitto (TVK)	310, 000	Finland
Suomen Ammattiliittojen Keskusjärjestö (SAK)	950, 000	Finland
Landsorganisasjonen i Sverige (LO)	1, 910, 000	Sweden
Tjänstemännens Centralorganisation (TCO)	990, 000	Sweden
União Geral dos Trabalhadores (UGT)	251, 000	Portugal
34 trade-union confederations	41 million members	20 Countries

Source: Barnouin (1986: 53–54)

Thus the territorial broadening of the ETUC during its first decade went quite smoothly, ensuring a remarkable degree of "associational monopoly" in Western Europe (Visser and Ebbinghaus 1992: 220).<sup>38</sup> Among white-collar workers the representation was more uneven, however. While the Swedish and Danish white-collar confederations were participating from an early stage, the German DAG, for example, was kept outside (owing to resistance within the DGB) and similar examples could be found in other countries.

The structure and size of the confederations affiliated to the ETUC in its early stage varied considerably, as did overall union density. In particular it should be noted that trade unions from three countries – Great Britain, Germany and Italy – accounted for more than half of the total membership (Barnouin 1986: 50), providing these organisations with a key role in internal interest mediation. While the British TUC, with nearly 10 million members, included more than hundred industrial, general and craft unions, the German DGB, with almost 7 million members, was composed of only 16 industry unions. In some countries, such as Italy, Belgium and France, as many as three confederations were represented and their mutual relations varied. The role and power of the national centres accordingly differed significantly. While the central confederations commanded strong central authority in Nordic countries, Austria, the Benelux countries and partly in Italy, the two largest confederations, the German DGB and the British TUC, were only loose umbrella associations of powerful individual unions (Platzer 1991a, Visser and Ebbinghaus 1992: 212). Moreover, when the ETUC was founded in 1973 trade union density in the member countries varied from more than 70 percent in Sweden, 50 percent in the UK, 33 percent in Germany, to 20 percent in France (Visser 1989).

The second pillar of ETUC membership was the European industry committees (EICs), composed of national industry unions. From the very beginning six EICs were recognised by the ETUC, increasing to ten during ETUC's first decade (Barnouin 1986: 52) (See table 6.2 for an overview.) Recognition of new EICs has been a continuous source of tension within the ETUC, owing to the varied character of the applicant EICs. In 1978 a compromise formula of recognition criteria was worked out, requiring that the regional scope of the EIC conformed with that of the ETUC, that the EIC should be open to all industry unions affiliated to ETUC member confederations, and that the EIC should be independent of the corresponding International Trade Secretariat (ITS) (Rütters and Tudyka 1990: 570). The application of these criteria has caused controversy and frequently been deviated from, however (Platzer 1991a: 57).

The EICs came about in two ways, either as an effort of individual unions to co-ordinate their pressure group activities aimed at Community institutions, or as a result of the regional differentiation process of the ITSs (Visser and Ebbinghaus 1992: 225).<sup>39</sup> From the outset, therefore, the European industry committees displayed a high degree of organisational and political variation, injecting a series of contradictions into the ETUC structures which should be the subject of internal controversy at later stages (Barnouin 1986: 50. Platzer 1991a: 57). Problems arose with regard to the EIC's independence of the ITSs and with regard to their geographical coverage. In several of the industry committees attached to the ITSs, the ETUC admission of Christian and Communist unions caused resistance (Barnouin 1986: 50), high

**Table 6.2 European Industry Committees recognised by ETUC 1983**

Name of Committee	Number of	Countries affiliated organizations	Membership
The European Metalworkers' Federation (EMF)	31	15	7,000,000
The European Federation of Agricultural Workers' Unions in the Community (EFA)	16	9	1,300,000
The Postal, Telegraph and Telephone International (PTTI) European Committee	60	21	1,500,000
The European Regional Organisation of the International Federation of Commercial, Clerical and Technical Employees (EURO-FIET)	70	24	4,205,000
The Metalworkers' and Miners' Inter Trade Committee (ICFTU-ECSC)	18	9	3,600,000
The European Committee of the International Secretariat of Entertainment Trade Unions (EC of ISETU)	30	7	60, 000
European Liaison Committee of Transport Workers' Union (ELCTWU)	68	10	2,500,000
European Committee of Food, Catering and Allied Workers Within the IUF (ECF-IUF)	65	19	1,400,000
European Public Service Committee (EPSC)	79	20	3,700,000
European Trade Union Committee For Education	54	18	2,200,000

*Source: Barnouin (1986: 56).*

lighting the problem of serving "two masters" with different ideological breadth. Four of the recognised EICs refused to affiliate CGIL organisations<sup>40</sup> and several committees kept Christian unions outside (*ibid.*: 51). On the other hand, autonomous committees like the European Metalworker's Federation included unions belonging to the CGT (Gobin 1996:

547). Some EICs organised EEC organisations only, while for instance the EURO-FIET organised far beyond the ETUC area. Moreover, the immense national variations in organisational domains and structures added to the difficulty of developing adequate union structures at industry level (Visser and Ebbinghaus 1992: 227).

In consequence, the task of finding suitable ways of coupling the pillar of industry unionism to the confederal structure of the ETUC, in a situation with three different internationals at global level, indeed proved not easy. The relations between the sectoral and confederal pillar were thus to remain a persistent problem of ETUC integration (Platzer 1991a: 57), re-surfacing when discussions over European bargaining came to the fore in the early 1990s (see chapters 9 and 11). Thus, the price for the hitherto unique inclusiveness of trade union integration at West European level was an unprecedented membership heterogeneity and a deficit of horizontal and vertical integration, which together with the political diversity came to complicate policy-formation and interest intermediation within the ETUC (Visser and Ebbinghaus 1992: 222).

#### **6.4.4 Organisational objectives and structures**

At the founding Congress in 1973 the objectives of the ETUC were accordingly defined in a very general manner. The organisation should "represent and advance the social, economic and cultural interests of the workers on the European level in general and towards the European institutions in particular – including the European Communities and the European Free Trade Association" (Barnouin 1986: 47). This also reflected the diverse views on the issue of Community integration which had previously unified the EEC unions (Gobin 1996: 557). The ETUC was therefore required to pursue a pragmatic search for consensus, expressed in the first ETUC Action Programme which was "indeed a very general and vague resolution representing a catalogue of issues rather than a concrete programme of political activities" (Barnouin 1986: 47). Or in the words of Gobin (1996: 569): "il fut impossible de s'entendre sur un projet substantiel et commun: la CES fut dès lors bien constituée en 1973 ... mais sans programme."

As an umbrella of national confederations, the organisational framework of ETUC was basically suited to enhancing the exchange of information and voluntary co-ordination of policies. No general mandate was transferred to the ETUC bodies and the basic national entities preserved their sovereignty, although the statutes allowed for qualified majority voting. The ETUC was dependent on consent from national affiliates on a case-by-case basis, requiring a high degree of consensus.

From the outset, the ETUC was equipped with four organs; the Congress, the Executive Committee, the Finance and General Purposes Committee and the Secretariat (Barnouin 1986: 54). The *Congress*, meeting at least once every three years, was composed of delegates of national confederations and recognised industry committees and decided on the principal guidelines of ETUC work. Each confederation could send four delegates per country, plus one additional representative for every 500,000 members. The Congress elected the

Executive Committee on the basis of nominations from the affiliated organisations and appointed the president, the general secretary and his deputy (ibid.: 55).

The main standing body of ETUC was the *Executive Committee*, meeting regularly 4 to 6 times a year. It was primarily composed on the basis of territorial principles, but also the industry committees acquired observatory status. Since no country could send more than two representatives, confederations from countries with several affiliates were represented on a rotational basis (though with permanent observatory delegates). The only exceptions were the British TUC and the German DGB which had more than five million members and thus had three representatives and three substitute representatives (ibid.: 56). The responsibility of the Executive Committee was to implement resolutions and programmes adopted by the Congress and decide on all major political issues between the Congresses. The Executive Committee could decide by a two-thirds' majority. The abandoning of the unanimity principle represented a significant innovation in the international trade union movement and implied a certain degree of supra-nationality, but it soon became customary to reach decisions by general consensus (ibid.: 57). The numerical composition and informal norms, furthermore, ensured that no decision could be taken against the will of anyone of the major affiliates (read DGB and TUC) (Visser and Ebbinghaus 1992: 219). As already mentioned, it was agreed also that specific problems concerning EEC or EFTA issues could only be voted on by member organisations of that area. The ETUC did not acquire any formal authority to oblige or instruct the affiliates in, for example, their bargaining policies or other national issues. Pursuit of common policy guidelines was thus reliant on the voluntary compliance of the affiliates (Goetschy 1995).

The Executive Committee appointed the Secretariat and elected seven vice-presidents from its ranks, which together with the president and general secretary constituted the *Finance and General Purposes Committee*. This body soon developed into a central forum preparing difficult issues for the Executive Committee (Barnouin 1986: 57).<sup>41</sup>

The *Secretariat*, located in Brussels, comprised the general secretary,<sup>42</sup> a deputy and four secretaries, assisted by a tiny administration of some twenty people. The Secretariat was entrusted the daily business of the organisation, co-ordinating activities, preparing meetings, running advisory committees and representing the ETUC in meetings and consultations with Community institutions in the whole range of policy areas (Barnouin 1986: 57). From the outset, a central function of the Secretariat was thus to organise dissemination and exchange of information between the affiliates and serve as a liaison office between the Executive Committee and Community institutions. To support the Secretariat a number of permanent and ad-hoc advisory committees and working groups were set up<sup>43</sup> composed of experts from ETUC affiliates. Later, several institutions for research and training were founded, adding to the evolution of a trade union network at the European level.

Still, from its foundation the ETUC was a thin organisational structure, commanding scarce resources. It was financed by membership fees, in 1974 amounting only to 600 Belgian Franc per 1000 members, providing a yearly budget of roughly 540,000 US dollars (Barnouin 1986:

62). From 1977 membership fees were differentiated, mainly because of a TUC demand that contributions should remain independent of exchange rate fluctuations, and by the early 1980s the budget had passed 1 million US dollars. Since this barely sufficed to run the Secretariat, the ETUC was dependent on affiliate coverage of travel expenses and infrastructural assistance from the Commission, which also covered all costs related to participation in Community meetings (*ibid.*: 62).

#### **6.4.5 Policy issues and functions**

Because of its broad and diverse membership, the ETUC proved unable to go beyond proclamations of general statements during its formative years (Barnouin 1986: 48). The energy-absorbing process of organisational enlargement and consolidation contributed to an inward-oriented culture (Platzer 1991a: 58) and the anti-EC stance of the TUC complicated interest representation vis-a-vis Community institutions (Gobin 1996: 577). Gradually, however, the ETUC made some progress. The Congress in London 1976 formulated a more coherent action programme, concentrating on development of employment policies, working time reduction (the 35 hours working-week), industrial democracy, especially in multinational companies (Barnouin 1986: 48) and the TUC loosened its intransigent stance (Gobin 1996: 580). On the organisational front inter-regional trade union councils were created to enhance union co-operation in eight border regions (Barnouin 1986: 65), the number of industry committees increased and the European Trade Union Institute (ETUI) was established in 1978 to support ETUC with expertise and research-based information.

After a certain rapprochement between the ECFTU and UNICE in the late 1960s, prompting union demands for European collective bargaining, relations with employers gradually deteriorated during the 1970s, accentuated by the social policy activism of the Commission (Gobin 1996: 562–564). To overcome the stalemate, the Commission, according to Gobin in concert with UNICE, in 1975 tried to establish a new basis for co-operation through tripartite conferences on employment and social issues where unions were invited to offer wage moderation. The ETUC refused and proposed instead negotiations on a general working time reduction (without wage reduction) (Gobin 1996: 563). Thus the three tripartite conferences ran into deadlock and the ETUC withdrew in 1978. ETUC then turned to the Commission to put pressure on employers to accept a European framework agreement on reduced working time, but after several meetings (in 1979) it became clear that the mission was impossible (*ibid.*: 564). On the sectoral level a number of joint committees for social dialogue had been established in the early 1970s, however, also leading to very little (ETUI 1993).

After the bleak results of ETUC's attempts at co-operating with Community institutions during its first years, it gradually took on a more autonomous, activist approach in the late 1970s, according to Gobin (1996: 584–587). As a response to the economic crisis of the 1970s, the ETUC launched campaigns and demonstrations for reducing unemployment during the late 1970s and early 1980s, centred around the demand for reduced working hours. The first attempt to mobilise national memberships was made in 1976 through the organising of a



European Action Day on unemployment; similar initiatives were taken in subsequent years to underpin the campaign on unemployment, peaking in a mass demonstration of 80,000 European unionists at the European Council in Stuttgart in 1983 (Barnouin 1986: 116).

In Gobin's view (1996: 586), however, the manifestations appeared more like attempts to create the image of a strong European trade union movement than any real mobilisation of union members. Still, the seeming shift of emphasis from seeking institutional alliances and influence towards more traditional union demands and action served to ease the internal conflicts of ETUC (*ibid.*: 589). Similarly, Goetschy (1995: 11–13) suggests that the function of ETUC during this initial period reflected more the need to improve internal cohesion than achieve external effectiveness. While "claims had to be acceptable to a maximum of members and not overlap too much with national diversified issues, (they had to) remain sufficiently relevant and mobilising to legitimize the existence of a European union structure" (*ibid.*: 12). A consequence of the vague and general policy approach, however, was that co-ordination of national union strategies remained minimalist, causing a lack of interest for European issues among the affiliates and a sort of "aloofness and isolationism of ETUC's policies", impairing its image as a serious and credible institution (*ibid.*: 14, 15).

Furthermore, the external conditions marked by the economic crisis of the 1970s, and the stalemate of Community integration and EC social policies in particular, were far from favourable. Neither pressures from internationalisation of capital nor the pull from EC integration triggered any substantial transnationalisation of union policies (Platzer 1991a: 58). Domestic problems regained prominence as many unions became preoccupied with negotiating national "neo-corporatist" solutions to the employment crisis, often implying protectionist "beggar-your-neighbour" effects.

Thus, the results of ETUC efforts during its first decade far from matched the expectations of its founding organisations. The interplay between difficult external conditions and the diverse internal conditions halted the momentum of ETUC integration, preventing development of confederal authority and resources (Visser and Ebbinghaus 1992: 222). The involvement and commitment of central affiliates faded and the importance of the ETUC was cast in doubt. Still, judged against its forerunners, Visser and Ebbinghaus argue that

"the foundation of ETUC was a major step forward in the direction of building a transnational organisation (...). ETUC (...) has overcome the territorial split between EC and non-EC countries as well as between Northern and Southern, richer and poorer countries; has bridged most of the ideological and political cleavages which continued to exist at national level, and has made substantial progress in completing its representation of white-collar employees." (Visser and Ebbinghaus 1992: 219)

Similarly, Barnouin (1986: 143–144), Platzer (1991a: 59) and Gobin (1996: 588) emphasise the significance of the organisational unification that evolved. Compared to the vision of a real supranational trade union the ETUC appeared rather "forceless" (*Kraftlos*), but compared to other interest groups, such as the employers, the ETUC kept pace, according to Platzer (1991a: 59). Barnouin even suggests that the ETUC could be considered "relatively

successful" in its role as pressure group at European level and that its development marked a shift from the previous "hovering between global internationalism and nationalism" to "regionalism" with the European Community as the new converging point of trade unions (1986: 142–143).

#### **6.4.6 ETUC early development – summarising remarks**

To sum up, the historical evolution of trade union co-operation at European level, leading to the foundation of ETUC in 1973, has been influenced by a number of factors and tensions with long-lasting impact on the pattern of organisational integration:

- (1) In the first half of the century inter-related geo-political and ideological dynamics had an essential influence, causing cleavages between East and West and between Socialist, Communist and Christian oriented unions in Europe.
- (2) Since WWII the desire to influence and cope with the economic-political integration in Western Europe has been the major pull factor for regional trade union integration, accelerating in expansive phases of Community integration and enlargement, slowing down in phases of stagnation.
- (3) European integration has caused persistent tensions between unions inside and outside the Community and between unions with different perceptions of European integration (original EEC unions versus EFTA unions, supranationalists versus intergovernmentalists, deepeners versus wideners).
- (4) Owing to the central role of these unions in the global union movement, European trade union integration has created tensions between the different internationals (ICFTU, WCL and WFTU) and the emerging ETUC bodies.
- (5) The role of the European industry committees within the ETUC, being mainly an umbrella organization of national confederations, since the foundation has been a persistent source of controversy, reflecting both different national traditions and structures of trade unionism and the blurred demarcations between the International Trade Secretariats and the European industry committees.
- (6) From the beginning, evolution of European collective bargaining has been a declared aim of the emerging European trade union bodies, but employers have firmly refused any such notions, while the Community has had neither the means nor the will to enforce such a development.
- (7) Owing to the great inclusiveness of the ETUC, the heterogeneity of membership has been immense and the accommodation between common aims and the diversity of national institutions and interests has been a persistent challenge. During the establishment phase this contributed to shape the pattern of ETUC co-operation in a loose, intergovernmentalist direction, leaving very limited authority to ETUC bodies.

Different trade union legacies interacted in the shaping of European trade union integration. At the risk of simplification, this can roughly be distinguished between (1) a Germanic and Nordic tradition of rather centralised, partly industry-based, co-operative unionism inspired by Social-Democracy; (2) a less political and more class-struggle oriented British tradition marked by a multiplicity of unions; (3) a relatively centralised pattern in the Benelux countries where Socialist, Christian and Liberal unions have been closely tied to their respective political parties and socio-political communities in an integrated, pillarised structure of soci-

etal co-operation; (4) the French and Italian union movements were fairly centralised but fragmented along ideological lines, and influenced by a more radical societal orientation; whereas (5) the unions in the other southern countries had for long been fragmented and suppressed by dictatorship.<sup>44</sup>

Given the historical legacy of splits and rivalry within the labour movement, the establishment of a regional trade union association including unions from all West European countries, most ideological directions and different global internationals, was a significant achievement. The immense diversity of membership, however, complicated decision-making and halted internal organisation-building. The largest national union movements, the German DGB and British TUC, played a central role in conditioning the shape of European trade union structures. While the DGB opted for a Community oriented deepening of union co-operation among "free trade unions", the British TUC became the most prominent advocate of the broad territorial and ideological approach, eventually winning through. Being the two largest and most powerful national affiliates, their ambivalent and conflictual perceptions of Community developments were to be a central determinant of ETUC developments. While the Nordic trade unions usually joined forces with the TUC, being reluctant to EC integration, the Benelux unions and partly the Italian unions were among the most integrationist forces.

Despite the ETUC being the first international trade union organisation with certain supranational features, a strong culture of consensus and protection of minority interests evolved. Equipped with scarce resources and limited authority to act on behalf of the affiliates, the ETUC became incapable of binding member-organisations. Its political agenda was marked by vague and general claims, carefully avoiding intervening in the affiliates' sovereignty, and it functioned mainly as a "clearing-house" and lobby instrument for promoting union interests towards Community institutions, while collective bargaining remained an exclusive prerogative of the autonomous national entities. Different approaches could be distinguished among the membership – ranging from political-idealist support of a United States of Europe, pragmatic desires to improve national union co-ordination, to ambitions of building up supranational union structures and "counter-power" – but actual policies reflected lowest-common-denominator compromises, that is, the forwarding of general union declarations and demands.

Contrary to the visions of its forefathers, the ETUC in its early stage therefore did not become an instrument for any profound transnationalisation of basic trade union functions. Different from national developments, the establishment of European union structures did not evolve as a result of class struggle and industrial conflict, but as a response to political institution-building at the European level. The constraints of EC social policies delimited both the scope for and incentives to further integration, however. In conclusion, the dominant cause of postwar European trade union integration was the dynamic of European integration, but the pull-forces remained weak. While economic internationalisation played at best a secondary role, there is no evidence supporting the assumption that transnational co-operation evolved as a result of the inner structure and aims of the participating organisations (push-

factors), corresponding to the idea of a genuine trade union "internationalism" (Platzer 1991a: 63, Visser and Ebbinghaus 1992). As the ETUC affiliates remained deeply embedded in specific nation-state structures, institutions and orientations, the bold vision of building up a strong European trade union movement had waned and been replaced by deep pessimism in the early 1980s.

## **6.5 Renewed impetus to ETUC integration (1985–1991)**

### **6.5.1 Overview**

After the ETUC had muddled through the "dark age" of the European Community, signs of new dynamics could be traced from the "relaunch" of the Community in the mid-1980s. The single market programme raised trade union awareness about the risks of transborder social competition and the need to influence European policies. The struggle over the social dimension the subsequent years triggered organisational reorientation, culminating at the 1991 Congress in Luxembourg which raised expectations of a qualitative reform of ETUC integration.

This section, first, sketches the main factors that facilitated the renewed aspirations of the ETUC (6.5.2–3); second, reviews the organisational developments during the late 1980s (6.5.4); and, third, describes the process leading to, and the content of, the reforms adopted by the 1991 Congress (6.5.5).

### **6.5.2 From national decline to Europeanisation?**

During the early 1980s the persisting economic crisis and the turn to more market-oriented policies drove trade unions onto the defence in most countries. The Community deadlock and the preoccupation with domestic struggles implied that national unions had little capacity and few incentives to engaging in European-level policies. The ETUC continued its fairly ritualistic manifestations and appeals to governments for employment initiatives, seemingly without any impact.

This urged a rethinking of ETUC strategy and during 1983–1984 things slowly started taking on a new direction (Gobin 1996: 593–595). The Presidency of the French Socialist government tried to bring EC social policy out of the deadlock by launching the idea of a European social space and invited the social partners to the "Val Duchesse" talks early in 1984. This was followed up by the new Commission president, Jacques Delors, early in 1985. The ETUC appreciation cooled, however, when the Commission presented its working programme in March 1995, concentrating on the creation of a unified market, while announcing no new initiatives in the field of social legislation (ibid.: 621). The ETUC thus declared that the trade unions could not accept such a project of market-liberalisation unless it was complemented by a strong social dimension and concrete measures to stimulate employment.

This approach was confirmed by the ETUC Congress in Milan on 13–17 May 1985. Despite

strong manifestations of trade union scepticism of the single-market project, it was accepted on the condition that (1) it was accompanied by macro-economic policies to prevent regional disparities and stimulate new employment; (2) the European social space was installed simultaneously; and (3) European industrial policies were developed (ibid.:623). The Congress also declared its dedication to continue social dialogue with European employers' associations and Community institutions. According to Gobin, the Milan Congress implied a notable change of trade union orientation and rhetoric. Concern about the "competitiveness of Europe" was a new feature of ETUC debates, suggesting the ETUC affiliates had been strongly influenced by the new modernist approach of the French Socialist government (Gobin 1996: 624).

However, when the White Book on completion of the single market was launched in June soon after the Congress, the ETUC was shaken by its total absence of measures in the social field (ibid.: 627). Several declarations were adopted by the Executive Committee during 1985 denouncing the concept of "laissez-faire" policies and the "free play of market forces" enshrined in the White Book, and demanding a strengthening of the social dimension (ibid.: 628). In an internal report prepared by the ETUC Secretariat<sup>45</sup> the threats of the single market to trade unions and workers were spelled out in great detail, indicating an erosion of the relative confidence with which the ETUC had initially received the project. The ETUC warned that the "1992" project was unacceptable to trade unions and that the Commission could not count on union support, unless the social dimension demands were fulfilled. Accordingly, in December 1985 the ETUC presented a detailed list of demands for a far-reaching regulation of social and labour issues at European level (ibid.: 628–29).<sup>46</sup> In response, the Commission prepared a proposal to the Council for a "co-operative strategy for growth and employment", presented to the social partners in the "Val Duchesse" talks inviting a tripartite social pact between governments and the social partners (ibid.: 630). Although the social partners managed to agree on a Joint Opinion, mainly mimicking the Commission proposal, the reluctance of governments implied that this came to nothing.

Altogether, one easily get the impression that the ETUC unions were taken by surprise and somehow played off by the Community relaunch. In view of the deep crisis at national level, a reinjection of European integration and economic growth appeared attractive, and the promise of a social Europe naturally appealed to trade unions. The uncovering of the real character of the project after the Milan Congress had accepted it, represented a serious blow to the hopes of European trade unions, however.

Nevertheless, like the ECSC and the Common Market in the 1950s, and the EC revival in the late 1960s, the Community relaunch triggered new initiatives of trade union integration. Irrespective of the way it had been sold to trade unions, the irrevocability of the "1992" programme and the common challenges it represented to national unions left the ETUC unions no choice but to increase their efforts to influence European politics and fight for the social dimension.<sup>47</sup>

Compared to previous instances of major Community changes the conditions for a more

unified ETUC response had apparently improved. Similar to the convergence of national economic policy preferences, claimed to have conditioned the Community "relaunch" (Keohane and Hoffmann 1991, Moravcsik 1991, see chapter 4), a certain rapprochement of national trade union experiences and views had evolved. With some exceptions, most trade unions in Western Europe had experienced a decline of "national corporatism" and intensified competitive pressures from the US and Japan, which together with the collapse of the Keynesian experiment in France, had tended to undermine trade union belief in traditional national solutions (MacShane 1991: 296). Forced by the defensive situation, trade unions in most countries had adopted more pragmatic co-operative approaches to change, seemingly eluding the importance of past ideological cleavages (Ebbinghaus 1996: 48–49, Platzer 1991a: 192). Caught in the corner at national level, many trade union leaders became more receptive to the idea of European solutions, most pronounced in the case of the British TUC (MacShane 1991, Teague and Grahl 1992: 208).

Although the single market was perceived as a threat, it also became associated with a growing "Euro-optimism", underpinned by the eventual economic upswing in the late 1980s. Combined with the vision of reinforced political and social integration advocated by the Delors Commission, such factors stimulated trade union attention to European developments. Platzer accordingly argues that during the second half of the 1980s a "double convergence" evolved. Experiences of increasingly similar national problems and external pressures for adjustment, combined with the common challenge of influencing the new dynamics of Community integration, prepared the ground for a new configuration of trade union interests and perceptions within the ETUC (Platzer 1991a: 64, 192). The role of ETUC in the social dialogue and struggle for the social dimension, furthermore, raised awareness and bolstered ETUC legitimacy among the affiliates. Gradually, the developments at European level seemed to open up new opportunities and trigger trade union aspirations.

In contrast to in the situation in the 1970s, it was also important that the renewed momentum of EC integration did not cause the same degree of tension between member-state unions and EFTA unions, partly because of the aspirations of the EFTA countries to link themselves to the single market through the EEA agreement, and partly because of the enlargement of the Community which had taken place during the 1980s. With Ireland, Greece, Spain and Portugal inside the EC, and Austria, Switzerland and the Nordic countries knocking on the door, the scope of the ETUC was suddenly converging with the scope of the single market. Further, in 1989 the fall of the iron curtain added a new dimension to European trade union integration, apparently increasing the attractiveness of influencing future developments, not least among the Communist unions remaining outside the ETUC frameworks.

Apart from those external factors, also internal developments of the ETUC facilitated change. In the mid-1980s several national unions, supported by the ETUC 35-hour week campaign, became engaged in tough conflicts over working-time reductions, most conspicuously in Germany where IG Metall achieved a pattern-setting agreement after long-lasting industrial

action in 1984. In hindsight, however, it became clear that national unions had been played off one against the other by employers, demonstrating the need for improved transborder co-ordination of national bargaining (Dølvik et al. 1990: 139). Furthermore, during the 1980s a gradual extension of ETUC membership and build-up of ETUC structures took place, increasing the representativity and attractiveness of the organisation, and by 1990 a new wave of affiliations occurred (see 6.5.4).

### 6.5.3 the Congress in Stockholm 1988

In hindsight, two single events appear as important catalysers for the reorientation of union attitudes towards ETUC: First, the 1988 Stockholm Congress, where the Commission president, Delors, presented his visions for the future of European integration, and, second, the TUC Congress in Bournemouth later in 1988, leading to the unforeseen turn of the British trade union movement from EC opposition to firm support of European integration.<sup>48</sup> Herewith a central barrier to ETUC integration was removed.

Another aspect of the Stockholm Congress was that the unions of the EFTA countries had become engaged in the European debate in a new way. Besides the fact that the effects of the single market would be significant also for outside unions, a new discussion on how the EFTA countries could adjust to the new European reality had emerged, illustrated by a meeting in Oslo in March 1988 between the prime ministers of EFTA and the Commission president Delors. Here the first ideas of a European Economic Space, possibly including the EFTA countries in the single market, had been voiced, causing trade union attention.

At both the 1988 ETUC Congress and the subsequent TUC Congress Delors made a strong plea for trade union support of his commitment and conviction of the need to promote a strong social dimension based on binding social dialogue and collective agreements, together with co-ordinated macro-economic policies promoting growth and employment. Delors ended his Stockholm speech in the following way:

"What counts, you see, is that we defend and extend the model that we jointly own and that we appreciate the contribution that the social dimension, social dialogue, co-operation and collective bargaining can bring to this model. In fact, we need all our strength at the moment that the great peaceful revolution will come about, a revolution which will mean the disappearance (...) of physical barriers between the twelve but will also result in a common home, Europe. In order to do this, now just as in the past, we need a powerful trade union movement which shares our overall vision and which will help us and thus prove that we are moving forward." (ETUC VIth Statutory Congress Minutes, ETUC 1991: 77).

This was, indeed, a message which sounded more receptive to the concerns and longings of national trade union leaders than the discourse they were used to at domestic level. Delors also made clear that the main obstacle to fulfilling the visions was national governments that "remain cautious and seem to be somewhat complacent" (ibid.: 68).

In his final reply, the ETUC president Ernst Breit (DGB) remarked that "the notion of a Single European Market which is being drawn up offers a unique chance, but a chance which is fraught with danger", notably the risk of "levelling down of social conditions in Europe"

(ibid.: 84-85). Accordingly, he reiterated the ETUC demands and dis-satisfaction with the lack of concrete action in EC social policy and social dialogue, stating that:

"We want to find common ground and we are prepared to compromise. (...) This is why we also understand the importance that Jacques Delors, president of the Commission bestowed upon social dialogue. If this has been made possible, it is first and foremost because we have confidence in his policies and his energy. (...) The binding framework, within which EEC policy is decided, also demands binding agreements in the area of social dialogue (...) I invite the employers organizations in Europe to finally make a contribution to make social dialogue something binding and to strengthen their European organizations' capacity for action in this direction. (...) Social Dialogue needs new impetus and must have effect in all sectors of the economy. We are ready for this" (Ernst Breit, ETUC VIth Statutory Congress Minutes, ETUC 1991: 85).

The ETUC confidence had evidently grown and Breit wound up the Congress by resuming the self-critical discussions about improvement of collaboration within ETUC. With reference to the threat of the single market, general secretary Mathias Hinterscheid had earlier during the Congress made a strong plea for adjusting ETUC structures "in order to improve the efficiency of our actions through more co-operation at all levels"

"This means an increase in (...) the ETUC Secretariat's 'means of production' and 'distribution capacity'. We must enable the Secretariat to make use of new technology in the fields of information and communication. (...). The Secretariat's capacity to act will depend largely on the confidence and on the degree that powers are delegated to it by the members of the Executive Committee. And finally the readiness of the members of the Executive Committee to participate actively in meetings and other ETUC activities is and will be a determining factor. (...) Quite frankly, it is of paramount importance that the full members of the Executive Committee participate more frequently and are as active as possible in ETUC activities. It is just as important – and I cannot stress this enough – that the national committees of all the affiliated confederations are prepared and able to introduce the European dimension into their daily activities at a national level. (...) We must make them understand and realise that, to an ever increasing degree, their living and working conditions are not decided at a national or regional level but at a European one" (Hinterscheid, ETUC VIth Statutory Congress Minutes, ETUC 1991: 18).

According to the Minutes (ibid.: 30) of the following debate, it was emphasised that the ETUC had to go beyond the narrow visions of national politics and develop a true social and contractual European policy; ETUC must be accorded increased means to become a united and coherent force with strengthened structures and increased membership, enhancing efficiency in terms of both finances and staff; the number of industry committees must be increased and the autonomy of these must be ensured within a framework of improved co-operation with the ETUC. It was also stated that:

"the ETUC must be given more power of a 'supranational' nature which means a revision of decision-making procedures within the ETUC and hence, obviously, a revision of the statutes as a consequence" (Ernst Breit, ETUC VIth Statutory Congress Minutes, ETUC 1991: 30)

Ending the 1988 Congress, president Breit (DGB) emphasised that development of the ETUC was the result of a long process marked by "caution and patience" and that "wide consensus is indispensable with regard to organisational policy", but concluded by stating that "we can



make this co-operation more efficient still" (ibid.: 86). So the green light for the preparation of a new step of ETUC reform, expected to be decided upon at the 1991 Congress in Luxembourg, was given.

#### **6.5.4 Organisational and political developments**

During the late 1980s the ETUC was preoccupied trying to get the Community to make reality out of the promise to create a social dimension to the single market and develop social dialogue with the European employers' associations. As indicated in chapter 5, this work brought some results, primarily on the symbolic level, but the outcome was generally deceptive. In 1988, the ETUC launched a 15-point programme for a "Social Europe" which was only just reflected in the Social Charter and the Social Action Programme (Gold 1993) and in 1989 the social dialogue was re-established without any real breakthrough being reached (Carley 1993).

In this period an old area of ETUC activity was re-opened in co-operation with the EICs, notably the promotion of worker co-operation in multinational companies. In response to the wave of cross-border mergers and acquisitions flowing from company preparations for 1992, the ETUC and the EICs staged a large conference of national unionists in Ostende in 1989. Workers' representation in multinational companies was discussed, ending with a mass manifestation for a social Europe in Brussels. The following years money was provided by the European Parliament, triggering considerable efforts, particularly among some of the EICs, at developing voluntary European Works Councils (Gold and Hall 1993). This brought some progress and a couple of these councils were set up, predominantly in state-owned French companies, representing a seemingly promising level of developing real transnational unionism with the potential to link national rank-and-file forces to the project of trade union Europeanisation. Thus the contours of a three-tiered structure of European trade unionism could be observed, notably the confederal ETUC level, the sectoral EIC level, and the company level (Lecher 1991, Dølvik 1993a). A fourth level should be mentioned, namely the inter-regional union councils established in a number of transborder regions. These never gained any real momentum, however.

Thus, on the external European front ETUC was faced with limited progress under the regime of the Single European Act. Conceived as a period of interpretation and learning about the functioning of the new environment, however, the first "transitional" phase of ETUC integration after the Community relaunch provided experience with important implications for subsequent developments. Not only had awareness been triggered among affiliates, ETUC had also acquired considerable competence in dealing with Community institutions as a lobby organisation and had developed close contacts and networks with strategic actors of the EC Commission, certain governments, and Community institutions like the EP and ECO-SOC. A more realistic understanding of the nature and strategic objectives of the employer counterparts at European level had also been attained. Implicitly ETUC had been recognised as a legitimate political representative of organised labour in the evolving social policy com-

plex of the Community, and significant political commitments had been vested by Community institutions in the social dimension, providing ETUC with useful "symbolic capital" in the further struggle (Strøby Jensen 1995).

On the internal organisational front too, progress was slow but significant. ETUC suffered from a persistent lack of authority, resources and credibility, but a considerable growth of membership evolved. Throughout the 1980s the ETUC membership increased gradually, and by 1990 a new wave of affiliations took place. First, the 1989 fall of the Berlin Wall paved the way for swift affiliation of the former Communist union from Spain (CC-OO) (1990), followed by the Portuguese Intersindical (1993), leaving only the French CGT outside. In addition, a number of Central and Eastern European associations were knocking on the door and were allowed observatory status and a role in the European Trade Union Forum. Second, a raft of white-collar unions from Germany (DAG), Denmark (AC), Finland (AKAVA), and later Norway (AF) were taken on board, while the Christian French union, CFTC, and the Greek, ADEDY, further increased ETUC scope. Third, the number of recognised industry committees increased from ten to sixteen (see below).

The numerical, ideological and occupational representativity of the ETUC had increased substantially, and in 1991 included some 45 affiliated confederations with roughly 45 million members from 21 countries, representing more than 86 percent of unionised employees in Western Europe (Ebbinghaus and Visser 1992). The organisational strengthening of the ETUC was further compounded by the establishment of a number of new ETUC institutions in the late 1980s, financially assisted by the Commission. The European Association for the European Training of Workers in Technology (AFFETT) was founded in 1986; the Trade Union Technical Bureau (TUTB), aimed at providing expertise and advice on issues related to standardization and work environment issues, was set up in 1989; and in 1990 a European Trade Union College (ETUCO) was founded with the aim of co-ordinating training and education (ETUI 1991b). New transnational networks of union experts were evolving and the ETUC fora served as meeting points, stimulating knowledge and awareness about common problems between national trade union leaders. At least on the surface, the presence and legitimacy of ETUC as representative of organised labour at European level had undergone significant change.

Outside the ETUC framework there were only two specialised European peak associations. The European Confederation of Executive Staff (CEC) represented roughly 1 million employees (EIRR 245/1994) and the European Confederation of Independent Trade Unions (CESI), dominated by the Deutsche Beamtenbund, covered only special categories of unions from a limited number of countries (EIRR 247/1994, Andersen and Eliassen 1991: 8). While the CEC has been recognised by the Commission as representative of its category of employees, CESI has been regarded as non-representative.<sup>50</sup>

The inclusiveness of the ETUC was further strengthened by the growth in established and recognised EICs during the late 1980s, now covering all main sectors. Most important was the inclusion of the newly established Chemical, Miners and General Workers' Federation (EFCGU) in 1988, which came about after considerable problems both vis-a-vis the global ITS

Table 6.3 National union confederations affiliated to ETUC (and EFTUC) by 1991

Abbrev.	Name	Country	Year	Domain	Orientation	Membership
TUC	Trades Union Congress	UK	1973	All	Labour	8,405,000
DGB	Deutscher Gewerkschaftsbund	GE	1969*	All	Socialist	7,861,000
CGIL	Confederazione Generale Italiana del Lavoro	IT	1974	All	Communist	5,014,000
CISL	Confederazione Italiana Sindacati Lavoratori	IT	1969	All	Catholic	3,210,000
LO	Landsorganisationen i Sverige	SW	1973	Manual	Socialist	2,023,000
ÖGB	Österreichischer Gewerkschaftsbund	AU	1973	All	Socialist	1,644,000
TÜRK-İS	Türkije İşçi sendikaları konfederasyonu	TU	1988	All		1,493,000
LOID	Landsorganisationen i Danmark	DE	1973	Manual	Socialist	1,413,000
UIL	Unione Italiana del Lavoro	IT	1969*	All	Socialist	1,344,000
CSC	Confédération des Syndicats Chrétiens	BE	1974	All	Catholic	1,241,000
TCO	Tjänstemännens Centralorganisation	SW	1973	Non-manual		1,139,000
SAK	Suomen Ammattiliittojen Keskusjärjestö	FI	1974	Manual	Socialist	1,081,000
FNV	Federatie Nederlandse Vakbeweging	NE	1981	All	Socialist	967,000
NVV	Nederlandse Verbond van Vakbeweging	NE	1969*	All	Socialist	
NKV	Nederlandse Katholiek Vakverbond	NE	1974	All	Catholic	
FGTB	Fédération Générale du Travail	BE	1969*	All	Socialist	875,000
LOIN	Landsorganisationen i Norge	NO	1973	All	Socialist	782,000
UGT-P	Uniao Geral dos Trabalhadores	PO	1979	All	Socialist	700,000
UGT	Union General de Trabajadores de España	SP	1973	All	Socialist	663,000
GSEE	Geniki synomospondia ergaton ellados	GR	1976	All	Socialist	550,000
DAG	Deutsche Angestellten Gewerkschaft	GE	1991	Non-manual		506,000
CCOO	Confederacion Sindical de Comisiones Obreras	SP	1991	All	Communist	500,000
CFDT	Confédération Française Démocratique du Travail	FR	1974	All	Socialist	485,000
CGT-FO	CGT - Force Ouvrière	FR	1969*	All	Socialist	450,000

Table 6.3 (cont.)

SGB	Schweizerischer Gewerkschaftsbund	SZ	1973	Manual	Socialist	441,000
ICTU	Irish Congress of Trade Unions	IR	1974	All	Labour	440,000
TVK	Toimihenkilö- ja Virkamiesjärjestöjen Keskusliitto	FI	1973	Non-manual		387,000
FTF	Fællesrådet for Danske Tjenestemand- og Funktionsorganisationen	DE	1973	Non-manual		320,000
CNV	Christelijk Nationaal Vakverbond	NE	1974	All	Christian	300,000
ELA-STV	Ezuko Langilleen Alkartasuna	SP	1974	Regional		110,000
CNG	Christlichnationaler Gewerkschaftsbund der Schweiz	SZ	1974	Manual	Christian	108,000
SVEA	Schweizerischer Verband evangelischer Arbeitnehmer	SZ	1974	All	Protestant	
CFTC	Confédération Française des Travailleurs Chrétiens	FR	1991	All	Catholic	106,000
ADEDY	Anotati Diikisis Enoseos Demosion Y pallilon	GR	1991	Public		100,000
ASI	Althydusamband Island	IC	1973	All	Socialist	62,000
CGT-L	Confédération Générale du Travail du Luxembourg	LU	1969*	All	Socialist	44,000
SEK	Synomospondia ergaton kypron	CY	1982			41,000
GWU	General Workers Union	MA	1975	Manual		29,000
LCGB	Lëtzebuurger Chrësleche Gewerkschaftsbond	LU	1974	All	Christian	21,000
BSRB	Bandalag Starfsmanna Ríkis of Baeja	IC	1980	Public		17,000
CMTU	Confederation of Maltese Trade Unions	MA	1980			11,000
KTS	Kıbrıs türk işci sendikaları i federasyonu	CY	1982			10,000
DISK	Türkiye devrimci işci sendikaları konderasyonu	TU	1985		Labour	

Membership as of 1988 or 1989.

\* Affiliation year to EFTUC, becoming ETUC in 1973.

Source: Visser and Ebbinghaus (1992: 216-17)

and with regard to acceptance of Christian affiliates.<sup>51</sup> In 1991 the ECFGU claimed over 2 million affiliated members in 17 countries (Carley 1993: 118).

Reflecting their varying historical trajectories, the EICs were very different in membership size, organisational structure, strategy and potential. For organisation of transnational union action at the sectoral level, or in multinational firms, multi-unionism and incongruous domain definitions posed serious difficulties (Rütters and Tudyka 1990). National union structures at industry, sectoral or branch level varied significantly as regards both vertical and horizontal integration. While for example the German IG Metall organised all employees in its industrial domain, sectoral union structures in many countries were differentiated in a multitude of ways, partly reflecting demarcations among branches, crafts and occupations, partly according to distinctions between blue and white-collar workers. Consequently, in most cases the industry committees had a number of national unions affiliated, in some countries multiplied by their attachment to different national peak associations. For example, in the Norwegian case at least five unions were simultaneously affiliated to the ECFGU and the EMF<sup>52</sup> and in Britain the prevalence of general workers unions aggravated the problem. Because of this the organisational ties of the EICs were loose and formalised only to a limited extent. They were generally understaffed and equipped with few resources, usually represented by one or only a few officials in Brussels. For example, the most developed and largest EIC, the European Metalworkers' Federation (EMF), representing the core workers of European manufacturing, in 1991 employed only 6–7 persons despite a claimed membership of more than 6 million from 15 countries (Carley 1993: 118). The second largest EIC was EURO-FIET, a European branch of the global ITS (FIET), with more than 5 million members from as many as 25 countries (*ibid.*: 118). Moreover, while the ETUC as peak confederation was confronted with a reluctant and weak employer counterpart (UNICE), employer associations were virtually non-existent at the sectoral European level (Lanzalaco 1992). Nevertheless, the EICs represented the potential for a closer linking of European union bodies and the national unions where the competence of collective bargaining and the capacity of industrial action were located in a majority of European countries. So the EICs often took a different view of the development of European trade unionism from the top-level oriented approach of the ETUC. For example, the European Metalworkers' Federation did not believe much in the potential of peak level social dialogue orchestrated by the Commission – often denounced as “wishful thinking” – arguing instead for a bottom-up build-up of trade union counterpower through co-operation in multinational companies and co-ordination of national sectoral bargaining in order eventually to force sectoral employers into more binding relations.<sup>53</sup>

Despite the organisational growth, ETUC suffered from weak internal cohesion and central authority. As noted by Visser and Ebbinghaus, the ETUC clearly qualified as an all-encompassing organisation with the same unrivalled position in Western Europe as for example the DGB held in Germany, but “unlike the DGB the degree of horizontal integration within ETUC [was] weak, resembling the British TUC, as it [could not] grow in terms of organisational

**Table 6.4 European Industry Committees (EICs) recognised by ETUC by 1991**

Abbreviation	Name (headquarters)	Foundation	Reorganised	in ETUC
Recognised immediately after foundation of ETUC				
ICFTU-ECSC	Metalworkers' and Miners' Inter Trade Committee (Luxembourg)	1973		
1952	1958			
EFA	European Federation of Agricultural Workers' Unions in the Community (Brussels)	1958	1971	1973
EMF	European Metalworkers Federation (Brussels)	1963	1971	1973
Euro-FIET	European Regional Organization of the International Federation of Commercial, Clerical and Technical Employees (Geneva/Brussels)	1964	1973	1973
PTTI	Postal, Telegraph and Telephone International - European Committee (Geneva)	1968	1973	1973
ECAKU	European Committee of Trade Unions in Arts, Mass Media, Entertainment (Vienna)	1973	1973	
Recognised later by ETUC				
ECF-IUF	European Committee of Food, Catering and Allied Workers within the IUF (Brussels)	1958	1975	1978
ELCTWU	European Liaison Committee of Transport Workers' Union (Brussels)	1962	1979	1979
EPSC	European Public Service Committee (Brussels)	1966	1981	1979
ETTUC	European Teachers' Trade Union Committee (Luxembourg)	1956		1981
EFBW	European Federation of Building and Woodworkers in the EEC (Brussels)	1958	1974	1984
EGF	European Graphical Federation (Berne)	1973		1987
ECF	European Chemical and General Workers' Union (Brussels)	1958	1988	1988
TGLWU	European Committee of Textile, Garment and Leather Workers' Union (Brussels)	1964	1975	1988
EFJ	European Federation of Journalists	1988		1989

*Source: Visser and Ebbinghaus (1992: 226).*

resources above the lowest common denominator of its supporting member associations" (Visser and Ebbinghaus 1992: 222). Links with rank-and-file members at national level were virtually non-existent and as an alliance between organisations, or rather their leaders, ETUC was still conceived as "a head without a body" (Seideneck 1991, in Dølvik 1993a), lacking an anchor, involvement and legitimacy among the core constituencies. This had led to a "decision deficit", a "democratic deficit" (Ebbinghaus and Visser 1994: 19) and, not least, a considerable "implementation deficit" (Dølvik 1996a).

This was reflected in the scant resources of the ETUC. In 1991 the Secretariat counted only 35 officials and staff members and was highly dependent on the European Commission for its financial revenues, research and information resources. Each member organisation paid only a small percentage of its income in affiliation fees; for example the TUC, one of the largest affiliates, paid less than 3 percent of its annual income (about 150,000 pounds) compared to 10 percent to the ICFTU (Visser and Ebbinghaus 1992: 222). The organisational style had for long been marked by ad-hocism; sloppy procedures; lack of professionalism; poor quality of material and preparation of meetings, reinforcing a vicious spiral of absenteeism and indifference among representatives of the member organisations.<sup>54</sup> Consequently the ETUC lacked prestige and credibility among the member organisations and had difficulty attracting qualified personnel.

Reflecting the poor resources and involvement from affiliates, and the absent authority of ETUC to influence the policies of member unions, the Brussels-based Secretariat increasingly spent its energies cultivating contacts and providing support on the supranational EC arena, most importantly in the circles around Commission president Delors. The missing links between ETUC, national unions and members on the ground, had moved ETUC into a position where it became increasingly dependent on supranational political developments and resources made available through such channels (Gobin 1996, Goetschy 1995). The question whether ETUC had been taken hostage by Community institutions, threatening to erode its autonomy and political credibility, was therefore raised by several leaders of ETUC affiliates.<sup>55</sup> Typically, the powerful leader of the German IG Metall at the time, Franz Steinkühler, who never took his seat in the ETUC Executive Committee, stated that the trade unions at European level were "handlungsunfähig und schon gar nicht konfliktfähig", represented in Brussels by a "politisch ohnmächtig Dachverband, den EGB" (Platzer 1991b: 691).<sup>56</sup>

Gobin similarly suggests that during the 1980s the ETUC had moved towards becoming a junior client of the Commission, aiding it make its social policy efforts visible and more concrete, in return for which ETUC received financial and moral support, compensating for the Commission's lack of social policy powers (Gobin 1996: 771). In her view, this development was accompanied by a shift from a "syndicalisme d'action et revendication" towards a "syndicalisme de propositions" (ibid.: 772).

The growing dissatisfaction with ETUC development among the affiliates was further indicated by the mushrooming of liaison offices of national union confederations in Brussels, signifying that many member organisations considered pursuit of union interests more effective

tively achieved through direct lobbying of Community institutions, complementing national routes of influencing the Council via domestic governments. The risk of membership bypass of the ETUC, and fragmentation of union interest representation at Community level, thus accentuated the question whether trade union Europeanisation could be reformed or would dissolve into re-nationalised modes of pluralist interest representation.

### **6.5.5 The run-up to the ETUC 1991 Congress**

It was in this light that the preparations for ETUC "perestrojka" at the 1991 Congress started soon after the 1988 Stockholm Congress with the German DGB as a key orchestrator. This process provides an illuminated insight into the internal power configuration and dynamics of change within ETUC at the time, illustrating the crucial bridge-building role of the German DGB (Dølvik 1993a: 35).

According to the international secretary of DGB at the time, Peter Seideneck,<sup>57</sup> the DGB leader and president of the ETUC, Ernst Breit, initiated the process in co-operation with the three Italian confederations. At the time, the Italian confederations were taking a strongly federalist approach, typically expressed by Bruno Trentin, the Harvard-educated general secretary of the CGIL: "each national union should give up, consciously and constitutionally, part of its power, delegating it to a body which should be answerable for its own actions to national union structures" (MacShane 1991).<sup>58</sup> The DGB and the Italian unions sent an official letter to the general secretary of ETUC, Mathias Hinterscheid, requesting the set up of a working group assigned to propose ETUC reform. Since Hinterscheid blocked the initiative, further national pressure was mobilised, in particular from the Dutch, "only to meet further resistance from Hinterscheid, whose obduracy sealed his fate" (Martin and Ross 1995: 24). Eventually, in December 1989, the Executive Committee set up a working group "For a more efficient ETUC" chaired by Johan Stekelenburg, president of the Dutch Confederation of Labour (FNV). The group worked through 1990 and the Executive Committee adopted its report in December 1990 (*ibid.*: 24).

During this process the question of internal coalition-building became accentuated by the DGB initiative to install a new leadership in the ETUC. Traditionally, the British, Dutch and Nordic unions had co-operated closely, often in understanding with the Germans, but now an unexpected change took place. After Hinterscheid had been called to the DGB headquarters in Düsseldorf and put under strong pressure to resign, the Dutch Johan Van Renz (FNV) was launched as new general secretary, supported by the traditional Northern coalition. The DGB, however, unexpectedly turned South to support the Italian candidate from CISL, Emilio Gabaglio, according to Seideneck, partly to break down the North-South divide within ETUC, partly for reasons of personal qualifications.<sup>59</sup> The DGB, furthermore, made another unexpected move by inviting Nordic representatives to Düsseldorf, where they were persuaded to shift their support from the Dutch to the Italian candidate, partly by offering the Nordics a second vice-president position (Martin and Ross 1995: 25). As the British and Dutch unions felt trapped, this caused tension within the ETUC, despite German attempts at damage repair



by offering Norman Willis (TUC) the somewhat ceremonial post as ETUC president (just as the DGB leader, Vetter, in 1973 had offered the post of president to Vic Feather from the TUC after the German-British row over the ETUC foundation).<sup>60</sup>

These events were not simply matters of personnel policies, they signalled a wind of change within the ETUC. With the former anti-EC British unions "on board" and the Nordic unions half-way into the EC, the delicate balance between EC and former EFTA unions seemingly had become less important. Moreover, the links between the strongly Euro-enthusiastic Italian unions and the German unions suggested a shift towards a more integrationist ETUC approach. In the run-up to the 1991 Congress the Italian unions, with the strong support of the unions from Belgium, the Netherlands, and CFDT forces in the ETUC Secretariat, vigorously advocated a maximalist agenda for transforming the ETUC into a real European trade union federation with full bargaining powers.<sup>61</sup> Winning broad support among most continental and Christian affiliates, the attitudes among the Nordic unions, the British and the French FO were much more reluctant, however.

#### **6.5.6 The ETUC 1991 Congress – towards a supranational trade union confederation?**

The ETUC Congress in Luxembourg on 13–17 May 1991 took place in a context where expectations of a new decisive leap towards European integration prevailed: German reunification proceeded and stimulated economic upswing. Negotiations over the EEA agreement were almost finalised and new EFTA applications for EC membership had been made, nurturing visions of complete West European unification. Preparations for the single market were in the final stages and the Intergovernmental Conference on Treaty Reform, which it was envisaged would lead towards Political Union and Economic and Monetary Union, had started. Within the social dialogue the Commission had invited the social partners to discuss a joint proposal for a new treaty framework to institutionalise the role of the social partners in Community decision-making, possibly paving the way for collective agreements as a new mode of Community regulation (see chapter 8). Still, the contrast between rising aspirations in the sphere of economic and political integration and the lack of progress in social integration triggered trade union demands for radical change.

In his speech, the leader of the Italian confederation CGIL, Bruno Trentin, emphasised the need to go further than the Stekelenburg report. "How do we transform ETUC into a creative protagonist of European integration that is more representative to workers", he asked. In order to become a real confederation as on the national level, he urged full integration of the industry committees in ETUC and envisaged a multiple ETUC profile based on political interfaces with the EC, transnational agreements, guidelines for national collective bargaining, and framework agreements at the sectoral European level.<sup>62</sup> Other Italian representatives emphasised that the trade unions were relying on obsolete means of the past and were reacting with nationalistic reflexes, while a supranational incomes policy was in need, urging an action programme that was binding on the affiliates.<sup>63</sup> The leader of the Belgian FGTB, Francois Jansson,

declared that Belgian unions were ready to hand over a bargaining mandate to the ETUC and give the Secretariat the necessary means to act so that unions could redo at the European level what they had done at the national level – sectorally and regionally, from the Atlantic to Ural. The representatives of the British TUC and the Nordic affiliates, however, were more reserved. The leader of Danish LO, Finn Thorgrimson, stated that the Danes were willing to consider giving the Secretariat a mandate but emphasised that the national organisations should remain the foundation of ETUC. A transfer of competences was necessary but had to be done step-wise. A further clarification of the division of tasks and responsibilities was needed and the ETUC should remain a confederation based on common decision-making, breadth and consensus, in the view of Nordic unions, also voicing reservations against full incorporation of the industry committees.<sup>64</sup>

This predominant “Euro-enthusiastic” spirit was reflected in the general resolution of the Congress, “The European Trade Union Movement at the Heart of the Changes in a Changing World”, which called for a profound deepening of economic, political and social integration in Europe. The Nordic trade unions, in particular, voiced reservations on several points concerning, for example, European taxation policies, harmonisation of social security and the granting of equal rights of free movement for third country residents in the single market.<sup>65</sup>

In the social policy field strong demands were formulated concerning the establishment of a legal framework for a European industrial relations system, enabling minimum legislation by qualified majority voting, binding social dialogue and European collective bargaining, underpinned by the right to take transborder industrial action (*ibid.*: 18–19). The reinforced social dialogue was envisaged would develop both at the interprofessional and sectoral levels, in transnational companies and in cross-border regions. It was also stated that the ETUC should promote upward social convergence by co-ordinating and recommending collective bargaining priorities, which it was assumed would be addressed by negotiators at both national and sectoral level (*ibid.*: 19).

In his opening speech, the ETUC president, Ernst Breit (DGB), made clear that in order to achieve these aims:

“We must step up our efforts to find ways of building up cross-border supra-national trade union activity. The political, economic and social integration of Europe demands, at the same time, integration among unionists. National frontiers must not act as lines of demarcation between trade unions. We must turn the rhetoric of international solidarity into the praxis of concrete international co-operation” (E. Breit, opening address at the ETUC Congress 13.5.1991).

#### *ETUC reform – the analysis and aims of the Stekelenburg Report*

The Congress approved the Stekelenburg Report “For a More Efficient ETUC” – “the avowed aim of which was to turn the ETUC into a full-fledged European-level trade union confederation” (ETUC 1995a: 8). Based on the recognised need for “wide-ranging reform of the structures, procedures and working methods of the ETUC”, the report called for a “clearer definition of the tasks and powers of the various bodies (...) which will be brought into line with

changes in the political decision-making process and whatever Europeanization takes place in negotiations between the social partners" (Stekelenburg Report, Explanatory Note 1991: 3).

In the general analysis of the report the proposed changes were justified through reference to the fact that "although the demands made on the ETUC have been growing steadily for about five years, its capacity has remained unchanged" (Stekelenburg Report 1991: 2). Listing the new demands, the report referred among other things to the development of the single market; the planned Economic and Monetary Union; the creation of a European Economic Area (EEA); the broadening of tasks related to influencing EC institutions, particularly in the social policy field; the revival of social dialogue; the transformations in Central and Eastern Europe; and "the new challenges to the activities and renewal of the whole international trade union movement which will follow these developments" (ibid.: 3).

Clearly, transformation of the ETUC was seen as a necessary response to external changes driven by a desire to influence the integration process: "As a result of all these factors the ETUC has had to increase its presence considerably at all decision-making levels" and "the ETUC affiliates have wanted to be informed more and more rapidly and extensively, so as to be able to influence developments better" (ibid.: 3), suggesting also a certain push factor from internal ETUC dynamics. Despite the message of growing ETUC supranationalisation, the report reminded that

"It must be stressed with regard to the preparations of decisions that since our affiliates' concepts and opinions differ on certain matters, continuous efforts to bring viewpoints closer together and to seek compromise are essential" (Stekelenburg Report 1991: 4).

To fulfill this task, it was envisaged that the standing ETUC committees would have to have a greater role, and "to achieve this, the group members ought to have a clear mandate allowing an adequate and well-defined margin so that the compromises arrived at in these groups will generally hold good in the decision-making organ" (ibid.: 4).<sup>66</sup> Accordingly the report referred to the unsatisfactory functioning of the decision-making Executive Committee "whose agenda has recently almost always been too full and a lot of papers have had to be handed out at the meetings", politely indicating the flaws of the Secretariat.

The Stekelenburg report also dealt extensively with the problem of funding (reinforced by entry of extra-Community associations) and multi-lingualism (ibid.: 5). Reflecting historical compromises, the ETUC had all of four working languages, French, English, German and Norwegian, causing difficulties in terms of costs, timing and quality of internal communication. Repeated attempts have been made over the years to simplify the procedures, but this issue has important symbolic and power-related features, reflecting that few national union leaders command a foreign language, and those that do prefer to negotiate in their own language.

Against this background the Stekelenburg report emphasised the need to "develop and strengthen internal democracy and general functioning" and promote "solidarity and practical co-operation amongst the affiliates and recognised industry committees". Among the aims listed were improvement of the ETUC capacity of "not only setting priorities but also execut-

ing them"; "co-ordinating collective actions, building up international trade union counter-vailing power and organising solidarity through actions promoting common objectives" (ibid.: 10). In conclusion, the following principles for the ETUC reform were formulated:

"a. The ETUC should become a genuine confederation with appropriate competences and tasks. That would imply the transfer of some competences from the national to the European level, and that decisions taken on trade union action by the ETUC instances should be respected.

b. Likewise, the European industry committees need to be properly integrated within the ETUC. That does not constitute an attack on their autonomy, nor does it mean they should have inproportionate representation in the ETUC. The ETUC can be effective, efficient and an antidote to the economic and political power structures only if the sectors form part of its own power structure. Rules similar to those governing relations between the confederations and the branches at national level, should also determine relations, at European level, between the ETUC and the industry committees." (Stekelenburg Report 1991: 11)

This, indeed, suggested a substantial step towards the Europeanisation of trade union structures and power, implying profound transformation of the previous pattern of unbinding co-operation. The open questions, however, were (1) whether these aspirations were sufficiently anchored by national affiliates, and (2) whether the intentions were reflected in sufficiently concrete and clear definitions of procedures to fulfil them.

#### *The concrete organisational reforms*

The decisions on organisational changes implied, first, that the *industry committees* were integrated into ETUC in a more formal way, expressed in the statutes (article 1), saying that ETUC "shall consist of national trade union confederations and European industry committees". The main novelty was that industry committees were, except in financial issues, granted voting rights in the ETUC Executive (where they had for long been meeting as observers), and gained three representatives in the renamed Steering Committee. These steps were opposed by the Nordic trade unions and the persistent ambiguity marking relations between ETUC and the industry committees was reflected in the above citation, underscoring both the EICs continued autonomy and the need for rules governing the relations between ETUC and the EICs.

Second, the political role of the *Executive Committee* in determining the content of medium and long-term strategies, had to be enhanced. Moreover, it had to "draw up the negotiatory mandate to be used by the ETUC in dealings with European employers' organisations and in its relations with the European institutions, and shall evaluate their outcome" (Article 11 of Constitution). As indicated in the Stekelenburg report, the Executive Committee should "refrain from going into all of the details", which it was assumed would be taken in hand by the Steering Committee, standing working groups and the Secretariat (ibid.: 12-13). A streamlining of the system of representation and voting was envisaged as a means of strengthening democracy and avoiding blockage caused by the ever-growing size of the Executive Committee, although "protection of small organisations and minorities should be guaranteed." In particular, the need for the personal participation of leaders of the affiliates and better preparation for meetings (well-structured papers dispatched at least ten days

before the meetings, with clear proposals for decisions and guidance on implementation) was emphasised (ibid.: 13). Representatives of Central and Eastern European unions were also allowed observatory positions on the Executive.

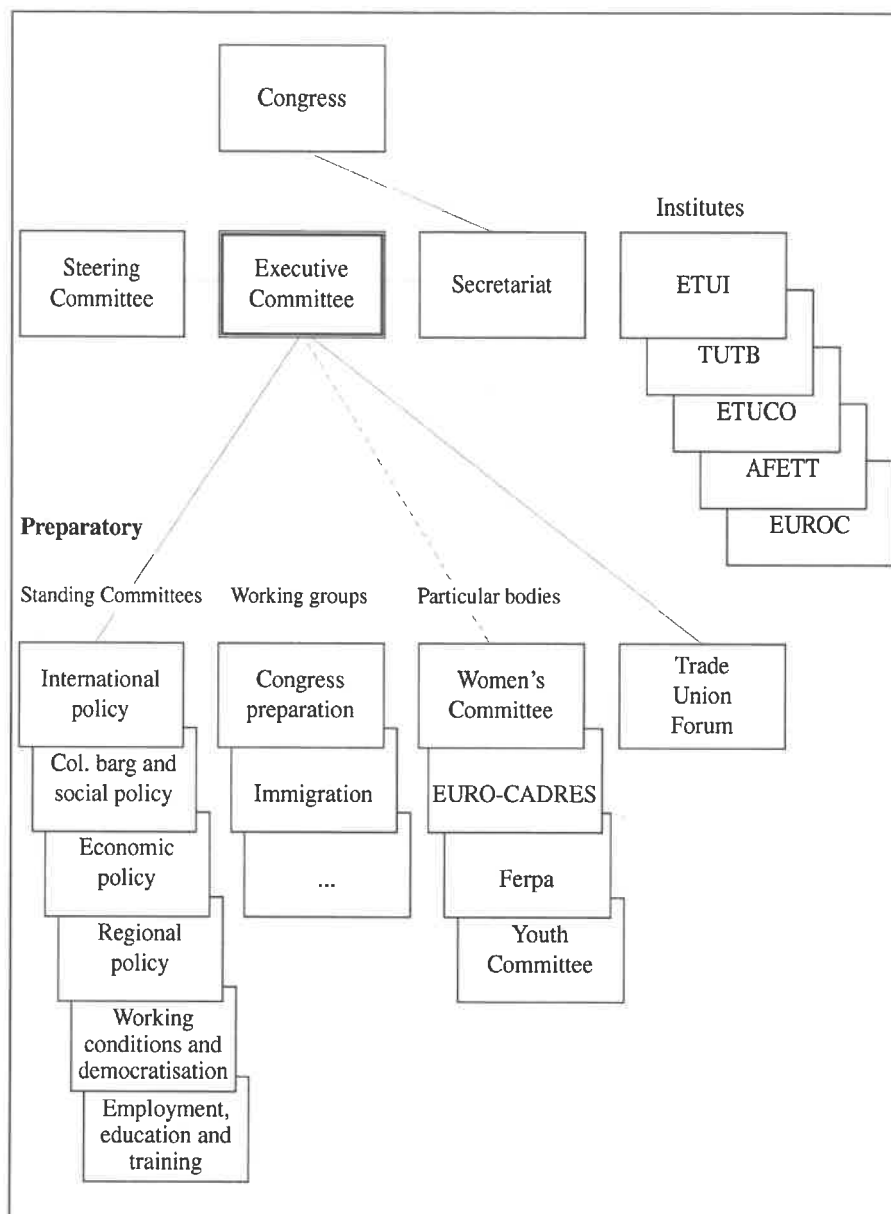
Third, the former Finance and General Purposes Committee (FGPC) was reformed into a *Steering Committee*, meeting eight times a year, with a generalised responsibility to prepare, recommend and implement Executive Committee decisions. Now comprising the president, general secretary and his deputy, together with fifteen members chosen by and from the Executive Committee, this body was envisaged would become an important lever for enhancing political supervision and support of the Secretariat. Moreover, it was expected to promote involvement and commitment of central affiliated leaders and improve interest-intermediation and coalition-building, thereby easing the process of consensus-building before the deciding Executive Committee meetings. As pointed out by Strøby Jensen et al. (1992), upgrading of the Steering Committee could be seen as an "intergovernmentalist" counterweight to the strengthened authority of the "supranational" Secretariat.

Fourth, the *Secretariat*, "the corner stone of our confederation in Brussels", should be given "enlarged powers" and be better equipped and organised to increase efficiency and coherence, underpinned by increased membership fees. As mentioned, the Secretariat had for long been considered a serious bottleneck of the ETUC with a reputation for inferior personnel, competence and resources, thus harming the credibility of the ETUC. Similar problems concerned the running of some of the attached ETUC institutions, notably the AFETT and the ETUI. A profound shake-up of the Secretariat's working procedures and governance of the ETUC institutions was thus considered as one of the most urgent tasks of the new leadership of Emilio Gabaglio, who was requested to emphasise qualifications rather than national quotas in future personnel policies (Platzer 1991b: 698). Noteworthy, however, was the fact that the Congress did not clarify in what way and in which areas the powers of the Secretariat should be enlarged, a fact causing considerable controversy at later stages when the issue of European bargaining came on to the agenda.

Accordingly, the fifth implication meant a thorough rationalisation of the vast flora of ETUC standing and ad hoc committees would transform them into functional elements of the organisation. The number of standing committees was reduced to six, with the committees of social policy and collective bargaining dealing with issues related to the social dimension and social dialogue, being the most important for this study. As advisory bodies, however, their role in supporting the Secretariat and their authority to work out "binding compromises" remained unclear, also causing confusion and tension at later stages.<sup>67</sup>

Finally, a *European Trade Union Forum* designed to become a meeting point between central and Eastern European trade unions and the ETUC was set up and the Interregional trade union councils were given a recognised status within the ETUC.

It was also foreseen that the ETUC relocation to a new "Trade Union House" in Brussels would enhance trade union unity, both symbolically and in communicative and practical terms. The Congress also embraced the proposal of establishing a "European trade union

**Figure 6.1 ETUC Organogram by 1991**

Source: Westerlund (1995: 30)

membership", symbolically expressing the desire to promote a common "union identity", but also implying the obligation of member organisations to protect the interests of sister organisation members working abroad.

### 6.5.7 Summary

The 1991 Congress represented a strong expression of the intentions of most ETUC affiliates to transform the ETUC into a stronger and more coherent organisation with supranational traits, and capable of engaging in binding negotiations at the European level. Yet, it was evident that the reforms stopped short of transforming the ETUC from, in the words of CGIL leader Bruno Trentin, a "co-ordination body between national centres" to a "supranational organisation" (Visser and Ebbinghaus 1992: 223).

Despite broad agreement being achieved concerning the overall intentions and direction of change, the concrete steps and procedures were more modest and, indeed, less concrete.<sup>68</sup> Whether the Congress deserved to be seen as an act of radical "perestrojka", or rather signalled a necessary but modest "modernisation and streamlining" of the ETUC, remained an open question. The answer would presumably be contingent on external change and on a number of unresolved internal questions.

Most importantly, first, the question of issue demarcation and delegation of powers and mandates with which to pursue European negotiations had not been thoroughly discussed and was implicitly passed on to the Executive Committee. The way in which the national affiliates envisaged these delicate issues should be resolved was unclear, as was their actual will, commitment and authority to accomplish such a profound organisational change.

Second, the actual role of the industry committees and the division of tasks and responsibilities between them and the ETUC remained unclear, an issue which evidently also hinged on the emerging pattern of employer associations at European level.

Third, the effects of the envisaged reforms obviously depended on the willingness of affiliates to equip the ETUC with the resources, personnel and finance required to fulfil its new role. Since the late 1980s, several national centres had, as mentioned, set up their own Brussels offices, overstressing already strained national budgets, and in key countries membership losses had brought the unions into dire financial straits (*ibid.*: 223).

Consequently, fourth, the basic uncertainty was the extent to which the somewhat "Europhoric" atmosphere at the Congress reflected a genuine reorientation among the national trade union organisations, and how much support the national leaderships could acquire for putting the new policies into practice.<sup>69</sup>

## 6.6 Review of the organisational status and challenges of the ETUC 1991

In their analysis of European trade union integration after the ETUC 1991 Congress, Visser and Ebbinghaus argued that the challenges confronting trade unions in the 1990s were comparable with those of the 1910s and the 1930s, occasions when organised labour failed the test and abandoned international policies and transnational structures of solidarity. In their view, "organised labour in Europe will have to become transnational, or it will not be part of the future" (Visser and Ebbinghaus 1992: 206–207).

Whether European trade unions would be capable of living up to the vision of "borderless solidarity" embraced by the 1991 Congress was, as suggested in this chapter, contingent on a number of external and internal factors. The decisions of the 1991 Congress reflected a double ambition: to develop a common strategy for transnationalisation of trade union policies and to build European institutions conducive to the pursuit of such strategies. In this section I review some of the organisational hurdles the ETUC would have to overcome if such a demanding task is to be accomplished.

According to Traxler and Schmitter (1994: 2), modern interest organisations like Janus have to face in two directions at once: towards those whose interests they claim to represent and towards those whose authoritative actions they wish to influence, in order to be simultaneously legitimate and effective. This represents a dilemma since securing legitimacy and ensuring effectiveness may present competing challenges (ibid.: 2):

"Whereas the 'logic of influence' typically rewards more encompassing and centralized associations, the 'logic of membership' tends to be facilitated by adopting more specialized and decentralized organizational structures whose interests are more homogeneous and whose members have greater opportunity for participation" (ibid.: 2)

In order to cope with this dilemma, associations do not merely represent interests, they must constantly *intermediate* between their potential members and relevant interlocutors. This task becomes particularly demanding in the European context, where intermediation becomes increasingly multi-levelled and the scale and scope of decision-making aggravate the problem of reconciling legitimacy and effectiveness. Compared to the national level, the immense number of actors within each category of interests causes disproportionately more complex and expensive organisational tasks, and the uneven distribution of burdens and benefits across the Euro-wide membership make the task of defining member interests and elaborating common demands more difficult (Traxler and Schmitter 1994: 3).

Scholarly discussion over the associability of interests, their capacity to adjust to changing circumstances, and the constitution of systems of interest intermediation have predominantly been based on "the logic of membership", focusing on the problems of collective action. In the case of European organisations, however, the dominant factor structuring organisation-building has been the aim of influencing the process of integration, notably EC institutions, as exemplified by the ETUC.<sup>70</sup> The segmented and complex EU "target structure" accentuates



the problem for interest organisations like the ETUC, aimed at building unified and encompassing structures.

Up until the 1991 Congress the ETUC role had been to act more as a political force trying to influence Community decisions than as a trade union in a classical sense (Goetschy 1995). The renewed ambition of developing bargaining relations with employer counterparts at European level would require different organisational forms and strategies. Since both an orchestra and two partners are needed to tango, the character of and the interplay between the two principal interlocutors of trade unions, the employers' associations and the EC "quasi-state", became pivotal in the strategic considerations of ETUC. As suggested by Visser and Ebbinghaus (1992: 209), "unless a third party or rival 'action set' of state actors or employers associations forces some degree of international co-ordination and centralization upon trade unions, internal obstacles are too large for the ETUC to become more than a weakly integrated 'go-between' of independent national units".

The aim of transforming ETUC from a political representative to a European bargaining agent, further, accentuated the question of finding suitable modes of interaction and issue demarcation between ETUC, the European industry committees and the national member organisations, and proper ways of aggregating their interests at supranational level. A central question was what degree of authority the ETUC could attain over its member organisations ("hierarchical ordering"), and the degree to which it could integrate the diverse sectoral organisations at meso-level ("functional integration") and the micro-level (the cross-frontier works councils) (ibid.: 208). As "unity in diversity" could be perceived as both a condition and an objective, an overriding question was therefore how to "encompass and manage national diversity" (Ebbinghaus and Visser 1994: 12). The dual challenge of the ETUC, consequently, was to develop modes of co-operation that ensured internal cohesion, legitimate aggregation of diverse membership interests (the logic of membership), and effective influence on the relevant EC and employer counterparts (the logic of influence), in essence a highly complex task. The ability to fulfill such an undertaking would require a profound shake up of the leadership, the organisational culture, the democratic anchoring and the transparency of ETUC decision-making.

As underscored in this chapter, the ETUC had hitherto first and foremost been a loose alliance of national peak associations, while the European industry committees had held a secondary status. Rather than a coherent organisation, the ETUC was a coalition or network of autonomous organisations where legitimacy and authority were not based on the ETUC's own volition, but derived from its national constituent units (Röthig 1994: 8, Strøby Jensen 1995). The mode of co-operation had been equivalent to intergovernmentalist co-operation within the EC, dependent on a case-to-case consent from its national affiliates, but with the important difference that decisions in effect were not binding the affiliates. The sovereignty of the constituent members was untouched and the ETUC had been deemed to keep its hands off any issue that interfered with national prerogatives. International solidarity had thus found its limits where supporting interests of other organisations did not produce any tangi-

ble benefit or incurred costs for one's membership or organisation (Jacobi 1992: 776).

The extension of membership in terms of territory, ideological orientations and functional representation had undoubtedly made ETUC an unrivalled organisation at European level. However, without the capacity to mobilise members and engage in industrial action, the ETUC lacked the basic asset of classical trade union influence, notably conflict power (Strøby Jensen et al. 1992). To this point, ETUC had not been able to influence the bargaining behaviour of its affiliates; it held no strike resources; and the organisation was lower on staff and resources than nearly all its main affiliates, reflecting the dilemma of "pooling unequal resources in transnational collective action" (Ebbinghaus and Visser 1994: 4).

The overcoming of those obstacles would require forceful and legitimate leadership. In national union movements a dominant union has often assumed a leadership role, the most prominent example probably being the German IG Metall, which with one third of DGB membership has been capable not only of acting as pace-setter and pioneer in national pattern bargaining, but also of controlling the powers attributed to the central DGB level (*ibid.*: 224). Historically, there had been no parallel in ETUC, where the two largest affiliates, the TUC and the DGB – each representing nearly 20 percent of ETUC membership (before German unification) – in many respects had represented the converse (Dølvik 1993a). Besides its anti-EC attitudes the TUC suffered from lack of central authority. The same concerned the DGB, which had often acted as an important bridge-builder, but had usually held back from taking a leading role (*ibid.*: 35), implying that ETUC had suffered from a certain "power-vacuum" at central level. The cleavages of French unionism had further prevented the occurrence of any equivalent to the crucial Franco-German alliance in EC integration within the ETUC. As noted by Visser (1996: 192), "the main problem, then, will not be membership but leadership". A key question, hence, was how the turn of the British TUC towards strong support of European integration and the German unification might influence ETUC development after the 1991 Congress.

The ETUC ability to implement the reforms planned at the 1991 Congress would not only hinge on the commitment of the constituent units to pursue contentious upward delegations of powers, but also on their ability to transform existing national structures. As underscored by most of my informants in the European trade union movement, unions are conservative and reactive organisations, whereas the task of developing new institutions of transnational co-operation implied a constructive and imaginative challenge.

"There is little doubt that, however much the environments of trade unions have changed in the past 20 years and however much these changes have been across Europe, trade unions and trade union movements have changed remarkably little" (Visser and Ebbinghaus 1992: 210).

Reorganisation, mergers and the growth of new public sector and white-collar unions have indeed evolved, "yet the structure of union movements and the management style adopted in unions have remained the same. In (inter)-organisational terms union movements exhibit a remarkable degree of structural inertia" (Visser and Ebbinghaus 1992: 210), casting doubts

over the project of constructing new European structures.

Moreover, despite the fact that a notable convergence of external conditions and political orientations had occurred, the enlargement process had implied that the diversity of ETUC affiliates had increased in regard to membership, political strength and organisational structures (Ferner and Hyman 1992, Traxler 1994). In terms of overall representation and strength, differences across European countries were larger in the early 1990s than 20 years before. These features were further underscored when considering the second pillar of ETUC membership, the European industry committees, still suffering from very weak organisational foundations, scarce resources and even more complex membership structures than the ETUC. According to Visser and Ebbinghaus, a central element of the 1991 reform was that by co-opting the EICs leaderships it was "hoped that the growing criticism mounted towards ETUC within some of the industry committees can be silenced and the threat of transnational unionism at the sectoral in lieu of intensified peak level organisation can be countered" (1992: 228). A central question after the 1991 Congress was thus whether an appropriate mode of co-operation between the confederal and the sectoral level could be developed.

With the ambition of developing European bargaining, the question of what would be the most feasible level of bargaining and thus where real union power should be located at transnational level would come to the fore. As is analysed in chapter 9, this issue highlighted sensitive and potentially divisive questions about the whole concept of transnational unionism and social dialogue, reaching deep into fundamental matters of national union organisation and power structures.

Another fundamental question facing the ETUC after the 1991 Congress was how far the national member associations were willing to go in ceding authority to European bodies and whether they would be able to agree on common policies. This issue could be assumed to accentuate the long-lasting tensions between different lines of thought inside the ETUC, between "Euro-pragmatists", mainly seeing the ETUC as a means to improving transnational union co-ordination and counter-power, and "Euro-idealists", mainly seeing the ETUC as an instrument in constructing a unified, supranational Europe (Gobin 1996). Moreover, when moving from producing generally unbinding resolutions to entering into agreements assumed would bind national affiliates, the problem of reconciling dispersed and sometimes conflicting membership interests was intensified:

"There is no reason to believe that an increase in political opportunities for labor at European level, assuming it will ever come to pass, will make consensus-building less difficult. In fact, if outcomes matter, interest differences assume more weight" (Streeck and Schmitter 1992: 226)

According to Kohler-Koch (1996), moves towards deeper integration of European organisations can readily prompt countervailing forces of des-integration, owing to the potential divisiveness of elaborating common, binding positions. Because international labour regulations affect the conditions of competition across borders, national trade unions are put in an ambivalent position of competitive and co-operative interests, a position which tends to have

different implications between the short and the long term. "Bound together by a common destiny of dependency and competition" (Dølvik et al. 1990: 141), trade unions can be perceived to have a joint interest in rising labour standards in the long run, but trade unions from rich and poor countries can be assumed to have contradictory interests concerning the settling of common regulatory standards in the short run, suggesting a considerable collective action problem.<sup>71</sup> The bridging of different interests would entail a complex three-way game (Reder and Ulman 1993), in which participants would have to decide how much the common norm should be in favour of unions defending advanced conditions and benefits; how much subsidy should go to the weaker members of the alliance; and to what extent a blind eye should be turned to lax application of the norm by members who stand to lose in the short term. Thus, under "these conditions of extreme variety and uncertainty, the temptation of guileful behaviour may be so strong that any meaningful transnational collective agreement would require an unlikely amount of trust" (Ebbinghaus and Visser 1994: 9).

Furthermore, even though trade union leaders seemed to have become increasingly aware of the declining returns of national policies in the long term, the convergence of external economic and political conditions affects national trade unions in very different ways. Loss of power and functions (owing to the demise of macro concertation at home) had encouraged many national peak federations to increase attention to the European level (Goetschy 1995), but decline of membership, lower revenues and reluctance of national unions to maintain elaborate national confederations operated in the reverse direction (Visser and Ebbinghaus 1992: 223). And since nationally strong trade unions in the richer countries could still realistically expect to achieve more at the national level than at the European level, a re-nationalisation of trade union policies could not be ruled out (Dølvik 1993a).

The collective action problem could, further, be expected to be complicated by the likely asymmetric "input" and "output" of joint European action. This was reflected in the observed paradox that those organisations that seemed most in favour of Europeanisation tended to be the least able to add impetus to such action, accentuating the problem of "the weak pooling resources with the strong" (Ebbinghaus and Visser 1994). Put bluntly, "rich unions have reasons to fear exploitation by the weak, whereas the latter do not like to be 'bossed around' (....) as common funding remains determined by the resources of the weakest and the charity of the strongest" (ibid.: 14). Consequently, the ETUC would presumably be faced with the same ambiguous relations between net-contributors and net-receivers as the EC.

In addition to such rationalistic perceptions of the strategic dilemmas European trade unions were faced with, institutional and cultural aspects of ceding competences to European level could be envisaged would cause problems. Despite national trade union leaderships being more exposed to influences from "above" through learning and accommodation within European networks than their members, they were simultaneously personalised representatives of national authority structures and collective identities. To the degree, first, that upward transfer of competences could be expected to add to the domestic powers of union leaderships rather than reducing them, it could be assumed it would bolster their commitment to

common European causes and vice-versa. To the degree, second, that such transfers would affect internal distribution of authority among national union leaderships, notably between confederal and sectoral actors, resistance might occur.<sup>72</sup> Third, as the personal position and career of most national union leaders were determined by their support, legitimacy and achievements at national level, their invisible contributions to creating long-term "borderless solidarity" at European level might well be considered less urgent than their immediate rewards within domestic appreciation systems and prospects of re-election. Fourth, and perhaps most fundamentally, the ambition of building a more powerful ETUC would presumably require a stronger involvement and mobilisation of national union memberships. In view of the contentiousness of European integration in many ETUC member associations and the great diversity of trade union cultures, it remained uncertain whether sufficient identification with common European policies could be developed to legitimise increased transfers of resources and powers.

The new pace of ETUC integration thus placed national union leaders in an ambivalent position marked by double loyalties and complicated bridge-building functions between European and national trade union communities. The question whether Europeanisation of trade union structures would provide national unions with additional powers, according to a plus-sum logic of integration, or whether it would be perceived as a detraction from their domestic powers, would indeed be essential for their commitment to implementing the decisions of the 1991 ETUC Congress. Ebbinghaus and Visser (1994: 5) has accordingly described the situation of national union leaders in the following way:

"Enclosed in the national arena they find themselves as if on icebergs in a thawing sea, with the strongholds of the past becoming smaller and less solid for the jump to the land of 'borderless' solidarity. But the jump remains adventurous, since the past securities must be given up for an uncertain future and it is not yet clear what this new land has in store or how it should be organized".

In addition to the internal hurdles, the renewed ETUC ambitions hinged on highly uncertain external conditions, notably that (1) the ETUC demands for acceleration of EC social policy legislation were met; and (2) the Community employer's associations could be persuaded to constitute as viable interlocutors at the European level. The likelihood of the latter I turn to in the next chapter.

## **7 European employers' associations and social dialogue**

### **7.1 Introduction**

Common findings in historical and comparative research on industrial relations have been (1) that the form and locus of trade union organisation have been contingent on the policies and structure of the employer counterpart, which on the other hand has been influenced by the labour challenge; (2) that trade union power predominantly has been located at the level where collective bargaining is conducted; and (3) that establishment of centralised systems of industrial relations has been conditioned on some form of state intervention to ensure mutual recognition between the actors and installation of legal and institutional frameworks for their interaction.<sup>73</sup>

Since the inception of the European Community a persistent problem of ETUC and its various forerunners has been that the European employers' associations have refused to constitute as real interlocutors of trade unions at the transnational level and that the Community has lacked both authority and the will to compel employers into binding exchange (Dølvik et al. 1990). Without proper European counterparts the transformation of ETUC into a powerful transnational agency was unlikely to succeed. Accordingly, a major puzzle facing ETUC after its 1991 Congress was how to convince or force the European employers' associations to accept the idea of establishing a European level of industrial relations and collective bargaining. The resolution of this puzzle was evidently reliant on an adequate understanding of the interests and structures of the European employers' associations at the time.

The aim of this chapter is accordingly to provide a brief review of the organisational pattern of the European employers' associations, with a focus on the peak level, and their basic approaches to European social dialogue.

### **7.2 The overall pattern of European employers' associations**

If the development of international trade union organisations has been protracted and slow, the forming of international employers' associations has been even more so (Oechslein 1987: 243). In the aftermath of the first ILO-conference in 1919 a forerunner of the "International Organisation of Employers" (IOE) was founded in 1920 and reorganised in 1945, mainly concentrating on ILO-related matters (ibid.: 243). On the global level the IOE has been complemented by the International Chambers of Commerce (ICC), specialising on economic questions, and a number of sectoral associations.

At the European level, the Council of European Industrial Federations (CIFE) was created in 1949, aimed at influencing the Organisation for European Economic Co-operation

(OECC), replaced in 1961 by the Business and Industrial Advisory Committee (BIAC) of the OECD (the counterpart of which is the TUAC). CIFE also took care of employers' interests in the early days of the ECSC and the EC, but in 1958 the "Union of Industries of the European Community" (UNICE) was formed. During the 1970s UNICE also allowed associate members from non-EC members and eventually became transformed into a peak association of European employers' confederations, renamed the "Union of Industrial and Employers' Confederations of Europe", in 1989 representing 32 member organisations of 22 European countries (Tyszkiewicz 1990: 1).

Besides UNICE, a number of business peak associations were established during the early stage of Community integration, among them COPA for agriculture (1958) and CEEP for public enterprises (1961) (Streeck and Schmitter 1992: 201). These peak associations were accompanied by the establishment of hundreds of more specialised sectoral associations – so-called FEBIs<sup>74</sup> – adding to the picture of a highly differentiated pattern of business organisation at the European level (Lanzalaco 1992: 180, ETUI 1992).

Today, at least 20 cross-sectoral European peak associations can be identified on the business side, many with overlapping functions, according to Lanzalaco (1992: 180). In industry there are six sector-unspecific peak associations: UNICE, the European Centre of Public Enterprises (CEEP), Eurochambres, the European Round Table of Industrialists, the European Community Services Group, and the American Chamber EC Committee. Of these only UNICE and to a more limited degree CEEP can be viewed as peak associations of national employers' associations, while the others represent the interests of industries or particular companies. In addition could be mentioned the employers' group in the ECOSOC, appointed by governments among national business associations. In the agriculture sector COPA and COGECA form a unique great peak associations, often claimed to represent the most powerful of the European pressure groups (*ibid.*: 180, Grant 1993). The banking and insurance sectors are represented by three associations, while organisations in the commerce sector (the CECD, the FEWITA, and FIMPEC) recently came together in Euro-Commerce.<sup>75</sup> In addition there are the associations of small and medium-sized enterprises and crafts, partly cutting across the sectoral demarcations above, the most important in the context of social dialogue probably being the UEAPME (the European Association of Crafts and Small and Medium-Sized Enterprises).<sup>76</sup>

Despite the fact that many of those associations for the most part have functioned as industry lobbies and denied any employer competence, the fragmented organisational pattern has indeed created a challenge to co-ordination on the employer side (Tyszkiewicz 1990: 14,19). This problem has been aggravated by the fact that UNICE, in contrast to ETUC, has no formal links with the sectoral business associations (the FEBIs) and that tension has persisted between the various cross-sectoral associations. In response to this, UNICE has created an Employer Liaison Committee (ELC), mainly to co-ordinate employer views on social policy issues, but this has been no more than a loose voluntary network in which CEEP and COPA have not been included.

Thus, a striking feature of the pattern of peak-level European employer associations is the

high level of fragmentation and in particular that, contrary both to the national level and the trade union side, the sectoral and territorial dimensions of integration are kept apart, potentially generating a rivalry and a weakening of the employers' associations' representativity as the "voice" of the European business community (Lanzalaco 1992: 183). On the other hand, the dispersed and specialised pattern of business associations at the European level, (cf. chapter 4.5), has been regarded by several analysts as an advantage in lobbying the fragmented EC institutions and inhibiting the establishment of centralised relations with European labour (Streeck and Schmitter 1992, Traxler and Schmitter 1994). "Keeping UNICE weak has allowed business interests to avoid its co-option into a corporatist policymaking process, and the Union's complex, multilayered structure has encouraged diversity" (Rhodes 1995: 90). By simultaneously insisting on decentralisation and maintenance of national sovereignty in industrial relations, on the one hand, and the handling of employer issues at European level by the peak representative, UNICE, on the other, employers have in practice pursued a double strategy of shifting industrial relations issues "vers la base" and "vers le haut" – into the hot air of unbinding peak dialogue (Vogel 1991: 56).

Nevertheless, owing both to a process of mutual recognition between the UNICE, CEEP and ETUC, and the Commission's recognition of UNICE and CEEP as the only representative cross-sectoral associations of employers' interests at Community level (EC Commission (93) 600), these organisations have in practice gradually acquired an institutionalised role as "the social partners" at European level, though not uncontested.

### **7.3 CEEP – The European Centre of Public Enterprises**

Established in 1961 and recognised by the Commission in 1965, CEEP has always been the junior partner in European social dialogue. This reflects its narrow membership structure, originally limited to public enterprises in the original EC member countries, dominated by the transport, energy and telecommunication sectors. Formed as a representative of public enterprises vis-a-vis the European Community, CEEP until recently did not have affiliated national employer confederations in either the private or public sector. Indirectly, however, some CEEP affiliates were affiliated to UNICE through their national employers' confederations.

The competences of CEEP in matters of social policy and employers' issues have consequently been very limited, and the association has functioned on the basis of consensus among its affiliates. CEEP member enterprises have been organised in national sections. A periodic Congress of members' representatives sets the organisation's general orientations, while the responsibility for CEEP's management lies with the General Assembly and the Administrative Council, which meet regularly and are composed of appointed representatives of the member enterprises (Carley 1993: 113). By the end of 1991 CEEP membership was reported to include 252 enterprises from not more than 8 EC countries, predominantly from



the southern countries still with large sectors of public enterprise (CEEP 1991). In recent years CEEP has attracted new member organisations from the municipal and state sectors in several EU and EFTA countries which function as national employers' associations, somewhat improving its representativity (Olsen 1994: 94).

Despite its fairly patchy membership and questionable social policy competences, CEEP has been generally positive to EC social policy and engages in European social dialogue,<sup>77</sup> supposedly reflecting a certain Social-Democratic influence in public enterprises. For CEEP, participation in social dialogue has been an important means by which to bolster the credibility of the association, the acceptance of which in ETUC has been enhanced by the tendency of CEEP to adhere to ETUC views. In 1990, CEEP and ETUC thus signed a bilateral text entitled a "European Framework Agreement" concerning issues such as vocational training, new technology, equal treatment, and health and safety matters, covering rail transport and the energy sector. With no authority to bind the affiliates, however, implementation depended on the member enterprises taking account of the guidelines of the "agreement" in their national and local practices (Carley 1993: 117).<sup>78</sup> In UNICE circles, CEEP has accordingly been conceived as a junior partner of ETUC, rather than an employer representative.<sup>79</sup>

In consequence, despite a widening of CEEP membership in recent years, the social dialogue at European level has suffered from a lack of credible and representative employers' associations from the public sectors (see chapter 10 and Keller and Henneberger 1994), implying that the dominant employer force at the European level has been UNICE.

## **7.4 UNICE – the Union of Industrial and Employers' Confederations of Europe**

With members from the EC/EU, EFTA, plus Turkey, Cyprus, Malta and San Marino, the *raison d'être* of UNICE has been to influence the "European legislator" (Tyszkiewicz 1990: 1). UNICE's role is to speak, on behalf of business and industry, on all so-called "horizontal issues", that is, issues which apply to all, or many, sectors of business activity (*ibid.*: 3). As the structure and functioning of UNICE has been well summarised by other scholars,<sup>80</sup> only some main features will be referred here.

Composed of national confederations of industry employers' organisations, UNICE is built on a double-tier structure of elected representatives of the member associations on the one hand, and appointed officials on the other (Lanzalaco 1992: 184, Tyszkiewicz 1990: 4). The supreme authority of UNICE is the Council of presidents (meeting at least twice a year), made up of the presidents of each national member federation, electing among themselves the UNICE president and vice-presidents. The second tier of paid officials comprises the Executive Committee (composed of the director generals of each member association but chaired by the president, meeting at least twice a year), the Secretariat (of 36 employees by the end of 1990), led by the colourful secretary general, Zygmunt Tyszkiewicz, supplemented

by a Committee of Permanent Delegates of national affiliates (the UNICE "Coreper") and a Finance Committee.

Whereas in many respects UNICE may seem less well integrated than ETUC, the Committee of Permanent Delegates, according to Tyszkiewicz, "unique to UNICE, is one of the great strengths of the organisation. Without it, the reconciliation of differing national views and the elaboration of genuine European policies would be far more difficult" (*ibid.*: 5). As each permanent delegate has created a network of contacts, a great deal of useful information is communicated and pooled in the fortnightly meetings of this body.

Besides these core structures UNICE has set up five main, specialised Policy Committees, usually composed of senior managers from operating companies, themselves supplemented by some fifty Working Groups which prepare the main output of UNICE, the Position Papers (Collier 1993: 216). These have to be approved by the Policy Committees and the Council of presidents. Through these networks UNICE is able to draw on the resources and the expertise of the member companies, compensating for the fairly tiny formal organisational structure and the tight budgets. With a budget in 1991 of only 130 million Belgian Francs and a limited staff, UNICE has claimed to be severely under-resourced, underpinning its complaints on the Commission funding of ETUC operations (*ibid.*: 223).<sup>81</sup>

Throughout its history, UNICE has been marked by a strong "intergovernmentalist" legacy of consensual decision-making, even though reforms adopted in 1989 implied a slight modification of this principle (Platzer 1991/92: 269). According to the new procedures, opposition from the federations of at least three countries is required to block a proposal, while in budgetary matters votes counting for a 20 percent share of the UNICE budget may block a proposal. In practice, however, voting seldom takes place (Tyszkiewicz 1990: 7).

The main thrust of the reform plans adopted in 1989 was to strengthen the Secretariat (by increasing staff and budgets by 40 percent) and establish an Advisory and Support Group (UASG) composed of company representatives (*ibid.*: 8). Besides the official objective of closer links with companies and creating a source of additional finance and resources, both assumed would improve the credibility of UNICE as a "spokesman" for European business, Platzer (1991/92: 269) has suggested that this move was also triggered by competition from contending European business associations.

The reason behind the reform was evidently the problem of "managing diversity" at the UNICE side, having to accommodate not only between separated sectoral and confederal actors from different countries but also between sometimes conflicting producer and employer interests (Lanzalaco and Schmitter 1992, Lanzalaco 1992: 174,189). Compared to the trade union side which can concentrate on labour market interests, the duality of product-market and labour market interests of the membership magnifies diversity on the employer side (Traxler and Schmitter 1994, Streeck 1990). As producer interests by nature are of a more direct competitive character, the problem of cross-national interest intermediation and collective action can therefore be assumed to be even more sensitive among employers than among unions (van Warden 1990: 25). Furthermore, in many European countries

business interests have been organisationally separated between industry associations and employer associations – like BDI and BDA in Germany<sup>82</sup> – multiplying the divisions between associations of different segments or pillars of society, as for example in Belgium and the Netherlands (Lanzalaco 1992: 193). In addition there was the strong presence of multinational companies in European lobbying, often pursuing their interests independently of the national associations (Tyszkiewicz 1990: 15-16).<sup>83</sup>

All these associations were gathered together in UNICE, many of them “steeped in history and tradition”, “inward-looking” and “resistant to change” (ibid.: 10). While some still commanded strong collective bargaining competences, central affiliates such as the German BDA and the British CBI held no bargaining competence at all, a feature which during the 1980s became accentuated by the trend towards decentralisation of industrial relations in many countries. Community integration had provided few incentives with which to overcome these hurdles, since under unanimity voting it usually sufficed to lobby national governments to block unwanted EC decisions (ibid.: 10). In addition, many national business associations had set up their own Brussels offices.

Even though the European Community has often been conceived as a device of business interests, dancing to the tunes of capital, the segmented nature of the Euro-polity and the organisational features sketched above have implied that UNICE as peak representative of European business historically has been a minimalist association, suffering from fragmentation and a lack of internal cohesion. In view of the limited hierarchical integration on part of the European employers, Lanzalaco (1992: 187-188) has suggested that it might rather be regarded as an “alliance”: “What emerges in reality, is (...) the existence of a dualist and scarcely integrated network of international connections between different national and sectoral peak associations” (ibid.: 189). Even when subtracting for tactical underplaying of UNICE’s role, this view was largely confirmed by the self-presentation of the UNICE director general, Zygmunt Tyszkiewicz (1990), emphasising the co-ordination deficit (especially with sectoral interests), rivalry, conflicting views, reluctance to change, and lack of engagement in European affairs among many UNICE affiliates. In view of the extension of qualified majority voting and the expected increased powers of the EC, Tyszkiewicz saw the lack of unified representation as potentially damaging for employers’ interests at Community level, urging better co-ordination.

In Lanzalaco’s (1992: 202) view, however, the legacy of “deep-frozen” patterns of associationalism at national level made a significant strengthening of employers’ peak representativity at European level unlikely, also because the national legacies might represent a rational response to future events. As the single market, accentuating producer interests, would presumably cause interest fragmentation among firms of different size, sectors and regions, a plausible response might well be that “to counterbalance this trend, and preserve the unity of their class, capitalists could react ‘proactively’ by strengthening their national peak associations” (ibid.: 203). As discussed in section 4.3, transnational competition is likely to involve harsher competition among “national regimes” and the competitiveness of firms may, more

than ever, depend on the economic and social policies of their home countries. Thus, it was not unlikely that national associations would try to cope with "regime competition" by influencing their home governments (and union counterparts), potentially increasing their relevance (Lanzalaco 1992: 204). If so, a revival of national corporatism could be envisaged.

Lanzalaco and Schmitter (1992: 199) accordingly point out that European integration implies contradictory impulses to business associations – some forces push towards the decline of national peak association, others strengthen them. The extension of Community tasks and authority should promote a marked shift to the European level, but it is highly unclear whether this will benefit supranational peak associations or sectorally and territorially differentiated organisations (ibid.: 199). Thus, "what is at stake is not just a matter of organizational tinkering and engineering, but a *strategic choice* of dramatic and far-reaching importance. It will determine in the long run the collective identity of the capitalists as a class, the integrity of their norms and the conditions of their reproduction" (ibid.: 200). Whether this will lead to the "possible emergence of a Euro-bourgeoisie, along with its potential Executive Committee, the EC" or to a "resurgence of national bourgeoisies, each with its distinctive systems of interests politics and industrial relations", is unclear, leading to four possible scenarios, according to Lanzalaco and Schmitter: (1) a "Thatcherian" trend towards a relative decline of business associability at all levels, coupled with the emergence of other forms of governance at the sectoral level (like new hierarchies, markets, clans, alliances, lobbying); (2) increased territorial and sectoral differentiation of business associability at both the supra – and subnational levels; (3) greater reliance on national peak associations; (4) emergence of supranational business associability, culminating in an enhanced role for European peak associations (Lanzalaco and Schmitter 1992: 200–202).

While elements of the first scenario could already be traced and the third scenario could not be ruled out, according to Lanzalaco and Schmitter, they suggested that the most likely outcome would be the second scenario, in many respects prolonging existing trends "We are easily led to the conclusion that capitalists in the context of the Community will have much stronger incentives to privilege their sectoral interests as producers and to downplay (even to disregard altogether) their class interests as employers" (ibid.: 203). The least likely fourth scenario, reflecting the agenda of the ETUC, could not be precluded either, but would precondition "strong and relatively autonomous state intervention" and "a relative balance of class forces in which organized labour has the capacity to deter independent action by capital and to influence the agenda of public choice" (ibid.: 207).

Thus, a key question after the ETUC 1991 Congress was whether the trade unions could establish a sufficiently credible challenge with which to force the European employers' associations to constitute as a more coherent interlocutor, capable and willing of entering into binding relations at the European level.

## 7.5 UNICE approach to EC social policy and social dialogue<sup>84</sup>

During the first decades of Community integration, UNICE, had consistently opposed initiatives concerning extending the social policy legacy of the Community and refused to engage in binding relations with trade unions at the European level. (cf. chapter 5) During the 1970s and early 1980s the business lobby vigorously fought the proposed Vredeling directive on workers' representation in multinational companies and most other social policy proposals, in line with the increasingly influential deregulation approach in UNICE, most markedly by the British CBI. According to Teague and Grahl (1992: 81), employers generally regarded Commission labour market proposals "as too interventionary and too pro-trade union".

In response to the increasing attention being given to the social dimension from the mid-1980s, the principle approach of UNICE towards EC social policy was in the late 1980s spelled out in a number of memoranda and position papers (UNICE 1988, 1989). Key elements were that harmonisation of working conditions and industrial relations was unrealistic, while natural convergence should be encouraged; the subsidiarity principle should be strictly applied, the EC should not regulate issues which could be better done at a lower level; social dialogue was useful but should not serve as a basis for legislation; thus, the social dimension should be based on voluntary evolution, non-intervention and respect for the diversity of laws and practices in the different countries (see Vogel 1991: 51 and Strøby Jensen 1995). The fear of social dumping was regarded as a myth (serving as a pretext for anti-competitional harmonisation), as national regulations would inhibit reductions of wages and social rights, while market competition and demographic changes were envisaged would push employers to improve working conditions and skills. To the extent certain European social regulations were required, UNICE outlined a number of criteria to be followed,<sup>85</sup> implying that EC social policy measures would be acceptable in some areas, most importantly, security and hygiene at the workplace, professional mobility, equal opportunities, programmes of educational exchange, mutual recognition of diplomas and qualifications, areas in which only general recommendations, not detailed imperatives, were needed (Vogel 1991: 53). The Social Charter and the Social Action Programme launched in 1989 were opposed as overly "rigid" and "interventionist", while UNICE continued to support social dialogue, which contrary to negotiations was seen as a way to develop "common orientations and objectives" based on an "open and constructive exchange of views, assuring a more profound mutual understanding" (ibid.: 54).

A persistent feature of UNICE strategy had been the claim that it had no mandate to represent the affiliates in collective bargaining at European level (Strøby Jensen 1995). In response to the attempts of tripartite concertation in the 1970s, thus,

"to protect the Brussels body politic from contagion by the neo-corporatist disease that befell European nation-states in the 1970s, all business had to do was refuse its European peak associations the competence to enter into binding obligations on behalf of their national constituents. (...) By not delegating authority upwards to the European level, employers were and still are able to confine institutions like the Social Dialogue to a strictly non-binding, consultative status" (Streeck and Schmitter 1992: 206).

Accordingly, when the social dialogue was relaunched first in the mid-1980s and later in

1989, UNICE consistently insisted that the outcome (Joint Opinions) should not serve as a basis for new Community legislation or negotiation of collective agreements (Vogel 1991: 54). As stated after the notion of European agreements had been inserted in the SEA article 118B, UNICE "estime qu'une négociation collective dans le contexte du dialogue social n'est ni possible, ni utile, ni souhaitable", repeating that the parties had no mandate and that no proper frames for implementation existed. Thus, the social dialogue, from UNICE's point of view, should have a signal function – "les avis communs (...) émettent d'importants signaux qu'il appartient aux partenaires sociaux d'utiliser au plan national ou autres" (ibid.: 55).

## 7.6 Review of the social dialogue 1985–1991

Despite the fundamentally conflicting aims of the actors, a certain legacy of rapprochement between the central social partners (ETUC, UNICE and CEEP) had actually evolved since the mid-1980s with the Commission as instigator and process manager (Carley 1993: 115).

The first stage of the *interprofessional Val Duchesse dialogue* in the mid-1980s centred, at the Commission's request, on improving growth, employment and investment, and on the role of social dialogue in the introduction of new technologies (Rhodes 1995: 105–106). Two working parties were set up, with one representative in each category from each country, leading to adoption of two joint opinions in 1986 and 1987.<sup>86</sup> Later in 1987 the parties agreed on another joint opinion, calling for a concerted economic policy and rapid implementation of the single market. In 1988, however, the parties ran into disagreement and the process came to a halt.

The social dialogue was then relaunched by a call from Jacques Delors early in 1989, leading to a strengthening of both its form and content. A more formal structure was established with the creation of a steering committee, made up of representatives of three employers' and workers' organisations and chaired by the Commission (ibid.: 106). Two priority areas were identified, (1) education and training, and (2) the problems related to the emergence of a European labour market, where new working groups were established. It was also agreed that the parties should be consulted over the drawing up of the Social Charter, the European Company Statute, and the regional programmes of the Commission, while the Commission committed itself to producing an annual report on employment in Europe which would be discussed in the dialogue.

During 1989–1991, three joint opinions were agreed in the field of education and training (and a fourth was concluded in 1992), while the labour market group agreed on two joint opinions in the field of occupational and geographical mobility and new technologies, work organisation and adaptability of labour markets (Carley 1993: 116). Moreover, as described earlier, in the fall of 1990 ETUC and CEEP had signed a so-called framework agreement concerning rail transport and energy sectors.

In 1991 then, the Commission invited the social partners to participate in drawing up a

joint proposal to present at the upcoming IGC concerning the role of the social partners in the future social policy of the Community (see chapter 8).

Thus, after seven years of meetings and talks quite a considerable number of Joint Opinions, statements and declarations had been produced. The problem, however, was that the outcome was very general and lacked specific application, implying no obligation on the signatory parties to secure implementation. Despite initiatives by the parties to convene national meetings to make the Joint Opinions known, only one such meeting was held (in Italy), illustrating their perceived weak relevance for national actors (Papandreou 1992: 20). Although the outcomes clearly failed to live up to the Commission's initial rather grandiose ambitions, Carley suggests that "it is somewhat churlish to complain about the quality of the dialogue when we should be marvelling that it has occurred at all. That representatives of European trade unions and employers at the European level have been able to meet on a regular basis for seven years within an essentially bipartite, and increasingly, formal structure, is unprecedented" (Carley 1993: 126-127). That they have managed to find anything at all to agree on, is, moreover, "arguably remarkable", given their widely divergent views on EC social policy, the economic and social differences of their home countries and the heterogeneity of those organisations' outlook on, and experience of, industrial relations (ibid.: 126). Rhodes (1995: 107), accordingly, suggests that although the significance of the social dialogue has been largely symbolic, "its importance at peak and sectoral levels lies rather in its potential as a springboard to a more substantial form of consensus-based policy formation".<sup>87</sup> In the view of observers with a more Euro-pessimistic leaning, however, "the celebrated 'Social Dialogue' (...) strongly confirms the fundamental deficiencies of the European Community as a would-be agent of social concertation", reflecting a "tendency to subordinate legislation and direct government intervention through regulation of informal dialogue" (Streeck and Schmitter 1992: 225). Thus, "while presented as a Social Dimension project designed to increase union influence, the Social Dialogue was in fact instituted to strengthen the position of the employers in order to raise their potential stake in supranational institution-building" (Streeck 1994: 166).

The *sectoral social dialogue* can be traced back to the European Coal and Steel Community (ECSC) in the early 1950s. Maintenance of the German Montan-Mitbestimmung in the affected sectors and development of worker representation vis-a-vis the High Authority were, as mentioned, central preconditions for the establishment of ECSC (Haas 1958) and fairly elaborated tripartite structures for consultation and involvement of the social partners in the management of ECSC industrial policy were established (Jacobi 1995, Social Europe 2/85).<sup>88</sup> Owing to the closer relations to national realities and the more limited diversity of interests than at peak level, the sectoral level could be expected to provide a more favourable context for development of industrial relations at the European level. Reality, however, indicated otherwise, presumably reflecting the more direct impact of competing producer interests at this level.

In the 1960s the Commission assisted in setting up Joint Committees (JC) in a number of

sectors, made up of equal numbers of members of employers' and workers' representatives, with the aim of *"no less than to contribute to the construction of a European system of industrial relations and foster free collective bargaining"* (Social Europe 2/85).<sup>89</sup> Producing opinions and recommendations mainly in areas such as safety, working conditions and employment, the outcomes fell short and in the 1970s the JCs ran into a number of difficulties. Conflicts between unions seeking the adoption of European standards or collective agreements and employers not wishing to give European-level commitments; enlargement of the Community in 1973 to include Denmark, UK and Ireland; and the separation between economic and social issues, caused stalemate (ibid.).

Hence more pragmatic forms of dialogue within so-called Informal Working Parties (IWPs) evolved, centred around consultation on relevant Community policies. For example, the Commission arranged meetings between the EMF and the Liaison Committee for the Motor Vehicle Industry in EEC countries (CLCA) on the state of the sector, and the partners participated in a study into industrial and employment change in the industry (ibid.: 12). Similar initiatives were taken in shipbuilding, machine tools, sugar, brewing, textiles, construction banking and retailing.

An important precondition for the functioning of sectoral social dialogue was apparently the existence of an integrated Community policy for a sector – as in agriculture, sea fishing and the transport sectors. JCs were in the transport sectors revived in the early 1980s – covering inland navigation (1980), railways (1984) and road transport (1985) – as the EC developed a common transport policy (EIRR 224/1992). The commitment to social dialogue placed on the Commission by the 1984 Social Action Programme, the 1987 Single European Act and the forthcoming single market programme led to renewed initiatives and establishment of a number of IWPs and JCs (Carley 1993: 120). New Joint Committees were formally set up in sea transport (1987), civil aviation (1990), and telecommunications (1990). Thus, in 1991 there were eight JCs, eventually increasing to ten and ten IWPs covering sixteen sectors accounting for approximately 30 percent of Community economic activity by 1996 (Com (96) 448).

The Joint Committees and Informal Working Groups usually consist of 25-50 members, with one or two plenary meetings each year, while the co-ordinating Bureaus of the JCs have up to four meetings a year, plus numerous meetings of several working groups and seminars (ibid.). In total this amounts to around 130 meetings a year, organised and financed by the Commission. Normally trade unions have been represented by members of one or two industry committees of the ETUC, but the Commission has sometimes also invited representatives of outside unions, e.g. the French CGT. On the employer side the picture has been more complicated, reflecting the fragmented picture of business associations at sectoral level and that few of the large number of European industrial/or trade associations see themselves as employers' organisations.

In practice the JCs and IWPs have served similar purposes, notably in assisting the Commission in the drawing up and implementation of Community social policy affecting



their respective sectors and in creating a climate of confidence and mutual understanding between the parties (Social Europe 2/1985). Pursuing this task, the JCs and IWPs have issued around a hundred joint opinions and recommendations, often based on studies and seminars. The first outcome resembling an agreement occurred in the agricultural sector, where a recommendation on working time in farm arable land was issued in 1968 (extended to stock farming in 1971 and updated in 1978). According to the EFA (European Federation of Agricultural Workers' Union), these agreements were intended to set out the objectives which national-level unions and employers should seek to include in collective agreements (Carley 1993). In 1988 a memorandum on vocational training in the retail trade, calling for Community minimum standards, was adopted.

In general, however, the output was meagre and hampered by the "perennial problem of lack of employers' organisations willing or able to represent employers on social matters, and in some sectors the lack of any employers' bodies at all" (EIRR 224/1992). Despite the Commission being the main instigator of sectoral dialogue, the trade unions have complained about the compartmentalised functioning and lack of commitment on the Commission side. This has implied that the sectoral social dialogue has been confined to discussing social issues with the DG V, while the DGs responsible for specific policy areas have seldom bothered about involving the social partners in social dialogue (ETUI 1993). Some of the social partners have also bemoaned the failure of the Commission to consult them on a number of issues of importance and attempts to forward views have not seldom been met by a cold shoulder from the relevant Commission addressees (Carley 1993: 126).

## 7.7 Towards a rethinking of UNICE strategy?

Despite the modest results of social dialogue after seven years of talks, a certain legacy of co-operation and rapprochement had been established between the central European social partners when the preparations for the 1991 Intergovernmental Conference started. Although the participating actors had fundamentally conflicting aims, an increasing number of representatives on both sides had been involved in numerous meetings and discussions, providing increased awareness of the issues at stake at the European level, presumably also enhancing mutual learning and understanding of the views and interests of the counterpart. Not least on the trade union side a notable turn towards a more pragmatic approach had emerged, expressed in the accommodative thrust of the joint opinions. From an employer point of view it might seem as if the representatives of trade unions were inclined to accept compromise and adaptation of past positions more at the European level than in domestic struggles.

The intensification of social dialogue from 1989 was, as described in chapter 5, part of the broader Commission (and ETUC) agenda for treaty reform in the social policy field, hopefully increasing pressures on governments to bolster EC competences and on employers to accept

the idea of European collective bargaining. UNICE, however, maintained its firm opposition to the idea of European negotiations, not for ideological reasons "but, while the trend everywhere is towards decentralized agreements, we would need convincing that there is an added value in centralised negotiations" (Tyszkiewicz 1990b: 2, in Carley 1993). In this view European negotiations would require parties that were fully representative, fully mandated, and able to guarantee the respect of whatever might be agreed, conditions which were far from met in the view of UNICE.

The consistent veto-policies of the British government had hitherto protected European employers from intrusion by the European legislator. During 1990–1991, however, UNICE became increasingly concerned that the British government could no longer sustain its resistance against the pressures of the Commission and the majority of governments for expanded social policy legislation and treaty reform (Strøby Jensen 1995: 277). Also aware of the risk that contending employer associations at sectoral level could be involved in separate relations with the European trade unions (*ibid.*: 285), UNICE came under pressure to rethink its options and strategies. This pressure, apparently, was accentuated by growing doubts among a number of UNICE member associations about the sustainability of its intransigent rejection of both social policy legislation and negotiations at the European level (Hall 1994a: 300). Besides their divided economic interests and embeddedness in very diverse legacies of industrial relations, employers in Europe are also political actors, having to preserve public credibility and reconcile a multiple of cross-purpose interests both nationally and at the European level. While the approach of UNICE had as yet been strongly influenced by the neo-liberal approach of the British CBI and the firm opposition of costly social policy regulations among several southern affiliates, the interests of associations from the high-cost Northern area and countries with more co-operative traditions of industrial relations were presumably of a more ambiguous nature. The question for the ETUC was whether the emerging divergence of views inside the employer camp could be turned to the advantage of labour, accentuating a strategic dilemma for UNICE which should come to the fore in the preparations for treaty reform in 1991, which is the subject of the next chapter.

## **8 Social dialogue and treaty reform – the 31 October Agreement and the Maastricht Social Protocol**

### **8.1 Introduction**

The events that led up to the 31 October agreement and the Maastricht Social Protocol in 1991 are among the most interesting instances in the history of European social policy. They reveal, in condensed form, the complex interplay of interests, political powers, strategic behaviour and institutional constraints that shape Community policies in this realm. To most observers and participants, the outcome came as a complete surprise, seemingly contradicting and transcending the dynamics that were expected to determine developments in this field of Community integration. In order to account for the outcome, we must combine perspectives from traditional integration theories with concepts of strategic action by political and social actors, deliberately creating conditions favourable to their objectives and exploiting an unforeseen “window of opportunity”.

As indicated in chapter 1, the Maastricht social policy settlement represented a significant innovation of the institutional framework of Community social policy. Community competencies and the application of qualified majority voting were extended, and the European social partners were granted a central co-regulatory role in decision-making, enabling collective agreements to become a new kind of regulatory instrument anchored in the treaty. Furthermore, the “corporatist” thrust of this innovation resulted from a joint proposal – the so-called 31 October agreement – which had been hammered out in the social dialogue. Not only did the ETUC gain significant influence on the constitutional process of the Community, it apparently managed to get UNICE to accept the idea of European negotiations – indeed a remarkable achievement, in view of the formerly obdurate stance taken by UNICE. On the other hand, the British “opt-out” and the reinforced emphasis on “subsidiarity” caused uncertainty and contradictory interpretations as to the impact of the settlement. Thus, the outcome was a puzzle – in terms of the intergovernmental logic assumed to determine negotiations over Community treaty reform, the decline of corporatism at the national level and the previous vehement employer resistance against European negotiations.

This chapter begins with a brief presentation of the Maastricht Social Protocol (section 8.2). It then goes on, first, to describe the process leading up to the 31 October agreement and the Maastricht Social Protocol (section 8.3); second, to account for the puzzling turn of events by analysing the social mechanisms and the motives of the strategic actors that facilitated the outcome (section 8.4); and, third, to present some scholarly interpretations of the impact of the Maastricht social policy compromise (section 8.5). The analysis is predominantly based on my

own empirical research, relying on interviews with central participating actors in the ETUC, UNICE, CEEP and the Commission DG V.

## 8.2 The content of the Maastricht Social Protocol and Agreement

The Maastricht social settlement was, as mentioned, a peculiar construction. First, there was no amendment of the treaty provisions on social policy set out in the SEA, covering all member-states. Second, the Protocol on Social Policy, signed by all member-states and appended to the treaty, noted that eleven member-states (Britain being the exception) “wish to continue along the path laid down in the 1989 Social Charter (and) have adopted among themselves an Agreement to this end”. Third, to this protocol was appended the agreement between eleven member-states (the MSA), mainly reflecting the chapter on social policy proposed to the IGC by the Dutch Presidency. Fourth, key elements related to the role of the social partners stemmed from the 31 October 1991 agreement between the ETUC, CEEP and UNICE. Thus, the transnational associations of organised labour and capital obtained direct influence on a constitutional Community settlement – in itself a remarkable event, given the dominant inter-governmental logic assumed to determine such bargains (Moravcsik 1991, 1993, Keohane and Hoffmann 1991, Streeck 1993).

The Treaty Protocol on Social Policy (see appendix 2) stated that all twelve member-states:

“Agree to authorise those 11 Member-States (excluding the UK) to have recourse to the institutions, procedures and mechanisms of the Treaty for the purposes of taking among themselves and applying as far as they are concerned the acts and decisions required for giving effect to the above mentioned Agreement.”

This soon sparked off a debate as to whether the agreement could be regarded as part of Community law.<sup>90</sup> As noted by Barnard (1992: 15), however, “the MSP was a political compromise to a political crisis and in the face of such forces the law is largely impotent”. The answer to the question was political; practice later confirmed that the member-states chose to attribute to the MSA treaty status.<sup>91</sup> In addition, the employers exploited the various legal uncertainties and problems of overlap and contradictions between the two parallel legal frameworks to question the credibility of the arrangement (see Tyszkiewicz 1992).

The most important changes in the basis for Community social policy contained in the MSA involved: (1) the extended scope of Community competences; (2) altered procedures for decision-making, i.e. greater scope for qualified majority voting; and (3) the enhanced role of social partners with regard to consultation and negotiations. These changes should, however, be seen in light of the general “subsidiarity” principle laid down in article 3B of the new treaty, which was also enshrined in the revised objectives of Community social policy:

"The Community and the Member States shall have as their objectives the promotion of employment, improved living and working conditions, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combatting of exclusion. The Community and the Member States shall implement measures which take account of the diverse forms of national practices, in particular in the field of contractual relations, and the need to maintain the competitiveness of the Community economy." (MSA article 1).

With this, treaty status had been given to the tendency towards greater emphasis on the member-states' responsibility in Community social policy since the 1980's, expressed in the Social Charter (Gold 1993: 33). The primary role of the member-states was further underscored in article 2 of the MSA:

"with a view to achieving the objectives (...), the Community shall support and complement the activities of the Member States (...)", and "to this end, the Council may adopt, by means of directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States. Such directives shall avoid imposing administrative, financial and legal constraints in a way which holds back the creation and development of small and medium-sized undertakings."

Thus, the MSA struck a careful balance between extension of the Community's supranational competences and a greater emphasis on subsidiarity, respect for national diversity, and safeguarding of competitiveness and job creation in SME undertakings. This confirmed the features of the evolving European social policy regime as a multi-levelled system marked by shared competences between the Community and the member-states (Pierson and Leibfried 1995a). Rather than a recipe for harmonisation, the approach implied a two-tiered mode of integration through a convergence of aims – formulated in common minimum standards – while maintaining diversity as regards the means of implementation.

The MSA contained also another important restriction on Community competences:

"The provisions (.....) shall not apply to pay, the right of association, the right to strike or the right to impose lock-outs." (article 2.6)

With these core issues of collective labour law exempted from the sphere of Community powers, the continuation of national regulatory sovereignty in the field of industrial relations was virtually written into the treaty. The MSA, it seemed, was not to be a blueprint for the construction of full-fledged European system of industrial relations (Lange 1993, Streeck 1993).

Since ETUC demands for cross-border rights of industrial action and European institutions for dispute resolution had not been met, the impact of introducing rights of European negotiations in practice seemed limited to the sphere in which the Community was granted legislative powers, probably most likely in the area covered by qualified majority voting defined in MSA article 2.1 (Dølvik 1992):

- improvement in particular of the working environment to protect workers health and safety;
- working conditions;
- the information and consultation of workers;

- equality between men and women with regard to labour market opportunities and treatment at work;
- the integration of persons excluded from the labour market, without prejudice to the article 127 of the Treaty (....).

Unanimous decision-making was, according to article 2.2 of the MSA, to be maintained in the following area:

- social security and social protection of workers;
- protection of workers where the employment contract is terminated;
- representation and collective defence of the interests of workers and employers, including co-determination subject to paragraph 6;
- conditions of employment for third-country nationals legally residing in Community territory;
- financial contributions for promotion of employment and job creation, without prejudice to the provisions relation to the Social Fund.

In fact, this amounted to a notable widening of the scope for Community action, and in particular an extension of the scope for measures adopted by qualified majority voting (previously mainly restricted to health and safety issues). The concept of "working conditions" was evidently vague enough to allow for a wide range of initiatives (Dølvik 1992, Weiss 1992: 7). Therefore, given the political will, there could be considerable potential for putting pressure on the social partners to make use of the MSA "chief innovation" of European negotiations (Langlois 1992: 10). Besides emphasising the primacy of national over European policy, the MSA also indicates the primacy of negotiations over legislation, in line with the concept of "double subsidiarity" (Langlois 1992, Bercusson 1992b).

The responsibility of the Community to promote social dialogue had been acknowledged in the SEA, in its article 118b. What the MSA did was to raise the status and importance of the social dialogue (Hepple 1993: 156).

First, as to the national level, MSA article 2.4 states that "a member State may entrust management and labour, at their joint request, with the implementation of directives adopted pursuant to (article 2)". There is nothing new about this kind of "ancillary bargaining" as a method for national implementation of directives on social law (ibid.: 157). It had been established through case law by the European Court of Justice and permitted by several directives under the Commissions 1989 Action Programme, provided sufficient coverage of the agreements was ensured. But it had remained contested, and a clarification of this principle had been demanded particularly from the Danish organisations, which feared legal intrusion in the domestic system of bargained regulation. However, as the requirements of a directive are imposed on the member-states, the national government will still, under the MSA, be responsible for ensuring that management and labour introduce the necessary measures by agreement, and for taking any measures necessary enable it at any time to be in a position to guarantee the results imposed by that directive.

Second, as to the designing of European legislation, article 3 of the MSA gives to the Commission "*the task of promoting the consultation of management and labour at the Community level and [of taking] any relevant measure to facilitate their dialogue by ensur-*

*ing balanced support of the parties*" (article 3.1). The social partners are to be consulted by the Commission on the possible direction of Community action before submitting a social policy proposal (article 3.2), and afterwards on the content of the envisaged proposal (article 3.3). The social partners are to forward to the Commission an opinion or a recommendation, and may then inform the Commission of their wish to initiate negotiations, the duration of which shall not exceed nine months, unless the parties and the Commission jointly decide to extend it (article 3.4).

Third, as to European negotiations, article 4 of the MSA states that:

1. Should management and labour so desire, the dialogue between them at Community level may lead to contractual relations, including agreements.
2. Agreements concluded at Community level shall be implemented either in accordance with the procedures and practices specific to management and labour and the member States, or in matters covered by article 2, at the joint request of the signatory parties, by a Council decision on a proposal from the Commission. The Council shall act by a qualified majority, except where the agreement in question contains one or more provisions relating to one of the areas referred to in article 2.3, in which it shall act unanimously.

This part of the MSA is taken directly from the 31 October agreement, and virtually grants social partners a semi-legislative supranational role in Community social policy decision-making. "It was the first time that European social organisations were officially recognised as entities actually taking part in the creation of the Community" (Degimbe, in *Fondation Europé et Société* 1992a).

As already indicated, the establishment of such a proto-corporatist mode of supranational social regulation was amazing, in view of the intergovernmental logic assumed to dominate bargaining over Community constitutional reform and the long-standing employer resistance to any notion of "Euro-corporatism" and transnational collective bargaining. The adoption of such a mode of EC decision-making seemed at odds both with current trends of dismantling corporatism at the national level and the "Euro-pessimistic" concept of the Community as a capital-biased instrument for market-making. Equally surprisingly was that the main social force behind the reform was the ETUC, which most observers had perceived as a weak and inferior organisation compared to the powerful associations of international capital (cf. sections 4.5 and 6.6). In short, the outcome was a puzzle, seemingly contradicting established wisdom about the nature of interest intermediation at Community level.

### **8.3 The process leading to the 31 October Agreement and the Maastricht Social Protocol**

This section describes the two-tiered negotiations that resulted in the 31 October agreement between the ETUC, UNICE and CEEP and eventually the Maastricht Social Protocol. The focus will be on the negotiations between the social partners, and the interplay between these and

negotiations within the IGC on treaty reform.

### 8.3.1 Setting the agenda

The run-up to the Maastricht IGC had been marked by the disparity between the ambitions of far-reaching political and economic integration and the accumulated frustrations caused by the persistent deadlock of the social dimension. This had created a situation where the Community would have to do something to bolster its credibility in the social policy sphere. Years of declarations, the adoption of the Social Charter and the haggling over the Social Action Programme – all this had strengthened pressures for Community initiatives to overcome the deadlock, also in order to secure political support for ratification of the new treaty. The trial-and-error process of social dialogue since the mid-1980s and the gradual strengthening of European trade union structures supported by the Commission, had also contributed to a certain amassing of political resources, institutions and expectations more favourable for the social policy coalition (Martin and Ross 1995). As pointed out by Pierson (1995, cf. chapter 2), “pressures” alone do not create policies, but they may focus the attention of those actors who produce policies and alter the balance of influence among actors (1995: 21). Altogether, this context would seem to have opened political space and enhanced the legitimacy of advocates of the social dimension.

The obstacles, on the other hand, were considerable: The British Government had made it clear that it would oppose any strengthening of Community powers in the social field, as had the employer organisations; the IGC agenda was dominated by the new “grand leap” of Community integration, Economic and Monetary Union; and, owing to the key role of social policy at the national level, also other member-states than Britain were probably wary about transfer of sovereignty in this field (Lange 1992, 1993). Thus, the actors most actively pressing for treaty reform in the social field were supranational – notably the Commission, the European Parliament and the ETUC – whereas the decisive bargaining would take place between member-states, who presumably had other priorities within the intergovernmental IGC context. The task of the social policy coalition seemed difficult, but, since there were also ways of playing on intergovernmental divisions, issue coupling and package deals, the mission did not seem totally impossible.<sup>92</sup>

It was the Commission, acting in close concert with the ETUC, that was the central actor orchestrating the process leading to the 31 October agreement and the MSP (Hall 1994a: 299, Ross 1995b: 103).<sup>93</sup> In a carefully planned strategic operation the Commission aimed at maximising the benefits of its previous efforts to influence the political constellations and power relations in Community social policy. The mandate was provided by the European Council in Rome, in December 1990: there the intergovernmental conference on political union had been requested to take account, in considering the extension and strengthening of Community action, of the “social dimension, including the need for social dialogue” (Guery 1992: 585).

The strategic considerations guiding the Commission approach to treaty reform were first



sketched out in an internal Delors staff document, referred to by Martin and Ross (1995: 90–92). The paper argued for a cautious approach, taking as a given the persistence of large disparities within the EC in wealth and systems of social protection and regulation (industrial relations). “Even if timid convergence appears here and there (...) attachment to national models are often stronger than political divisions”. However, “intra EC differences are much less deep than those between each member state and the USA or Japan”, constituting “one of the paths to develop the theme of the European Model of Society” (Martin and Ross 1995: 90). Assuming that economic integration would render certain new forms of social regulation necessary, the crucial question was the size, nature and method of putting the social dimension into place: “The problem is large; given the imperative of subsidiarity, we need to move forward, while respecting ‘positive diversity’ at member state level, to develop regulatory principles during a period when, in several countries, old forms have been strongly put into question while new ones have yet to be put into place” (ibid.: 91).

The treaty-changing strategy which the document advised was to derive specific proposals from a strict logic of “Community functions” flowing from the single market matters, rather than any spectacular new departures, combined with a simple formula offered to the social partners: “*negotiate or we will legislate*” (ibid.: 91). This idea was later reinforced by a memorandum from the Belgian government, proposing an EC level procedure paralleling the Belgian system of “*law by agreement*”, whereby agreements reached between the parties represented in the tripartite Conseil National du Travail can be consolidated by royal decree (Hall 1994a: 299, Vilroxx and Leemput 1992: 374).

Aware of the complicated intergovernmental bargaining situation, the Commission invited the social partners to design a proposal for treaty reform, which, it was hoped, could influence the IGC agenda. Hence, by exploiting its long-standing efforts to promote credible European trade union organisations and induce the employers to engage in social partnership, the Commission sought to mobilise supranational political resources and coalitions to strengthen its case. In a meeting in the Steering Committee of the Social Dialogue on 25 January 1991, the Commissioner of Social Affairs, Vassia Papandreu, proposed that a high-ranking working group be established to prepare a common position paper to be submitted to the IGC on Political Union. In the Commission’s summary of conclusions from this meeting (dated 22.3.1991), it was noted that “Mrs. Papandreu outlined the issues at stake and implications for social policy of the work of the IGC on Political Union with a view to the extension of Community powers and adoption of the qualified majority voting in decision-making”.

UNICE representatives, however, had reservations to the proposal. According to the German employers’ association (BDA), the proposal had been agreed with the trade unions in advance and went far beyond the mandate of the social dialogue (BDA *Jahresbericht* 1991: 151). Still, UNICE agreed to the idea of an Ad Hoc working group to consider the role of the social partners at European level, according to the BDA, “durch die ausdrückliche Klarstellung, dass die Arbeitsgruppe selbst ihren Arbeitsrhythmus und ihres Tagesordnung

bestimme (...) und dass sie nicht als Zulieferer für die Förderungen der EG-Kommission an die Regierungskonferenz in Anspruch genommen werden konnten" (ibid.: 151).

The ETUC had a more forthright conception of the mission of the Ad Hoc Group and was evidently well co-ordinated with the Commission in advance, as expressed in a preparatory ETUC document titled "The role of the two sides of industry in reforming the Treaty and creating a Community dimension for collective bargaining" (ETUC 17.1.91). This document called for qualitative reform of the previous fruitless form of social dialogue and clarification of the notion of European framework agreements, their extension and the relations between legislation and negotiations with respect to subsidiarity. To strengthen the role of the social partners through treaty reform, it was suggested that "it would be extremely valuable for the two sides of industry to produce a common proposal for the reform of the article 118b designed, for example, to provide an institutional framework for industrial relations between them and giving the force of law to the outcomes of their negotiations". Finally: "the steering group should set up a small, high-level working group to work out the terms of a draft common document on the three contentious issues referred above. The working group's remit would be to prepare and submit the draft document to a social dialogue summit meeting with president Delors, Minister Junker and Commissioner Papandreou". Apparently, this was so very orchestrated, since the ETUC Secretariat was able to forward, in advance, to its affiliates proposals which in detail anticipated the subsequent process and conclusions.<sup>94</sup>

The Commission's agenda was eventually spelled out at an Ad Hoc Group meeting on 22 February 1991 in a paper titled "*Social Dialogue – the Role of the Social Partners in the EC*". This document appeared to be a preliminary version of the later official Commission proposal to the IGC (March 26). According to the document, implementation of the internal market as well as economic integration had revealed the need to intervene in areas which had not seemed crucial earlier. Moreover, the implementation of the Social Action Programme "had demonstrated the insufficiency of the present treaty, which also contains provisions that are either obsolete, insufficient or ambiguous", underpinning the need for extension of Community powers and QMV (qualified majority voting). Emphasising the need for diversity a new concept of a "double dimension of subsidiarity, between Community and member-state legislation, and between a regulatory and contractual approach" was launched, leading to the question "is there a place for Collective Agreements at Community level?"<sup>95</sup>

This brief document put on the table (albeit in a slightly vague form) all the perspectives, ideas and issues that later the 31 October agreement and the Maastricht Social Protocol, matters that were dominate juridical discourse and political struggle over European social policy in the years to come. The underlying "carrot and stick" message was clear, mainly addressed to the employers' side: On the one hand, the threat of QMV was emphasised, on the other hand, there were hints as to the prospect of avoiding legislation by negotiation.

In the official Commission proposal for treaty reform (26.3.1991)<sup>96</sup> the approach was more explicitly elaborated. In this document to the IGC, substantial proposals regarding the new role of the social partners were outlined in fairly general wording, explicitly inviting inputs

from the Ad Hoc Group which the Commission itself was orchestrating.<sup>97</sup> Hereby the Commission was evidently attempting to create a situation where the member-states could be faced with an input from the social partners that would be difficult to reject. It would indeed appear illegitimate if the member-states denied the European social partners a responsibility to which they had explicitly signalled their commitment to take on board. Besides, this could ease member-state doubts about extending Community powers. As noted by Streeck, "with the close involvement of organized business and organized labour, and passed on to the Council with their joint support, such proposals could not any more be easily denounced as 'unrealistic' or as a product of a bureaucratic penchant for 'overregulation'" (Streeck 1994: 167). By designing its proposal in this way the Commission might mobilise a source of legitimacy which could bolster its case in two ways, through an advanced, double-edged operation: By simultaneously using the risk of QMV being adopted by the IGC to convince employers to agree on the "negotiate or we will legislate"-formula, the latter was, on the other hand, used as a means of convincing member-states to accept extended QMV. In other words, by using "supranational" resources built up within the social dialogue as a card in intergovernmental bargaining *and* using intergovernmental bargaining as a card in the social dialogue, the Commission (as the only political actor present in both settings) was trying to exploit tensions between intergovernmentalism and supranationalism to construct a new institutional framework of Community social policy.

The Commission proposal in the social policy field was no immediate success, and was only partly reflected in the first IGC drafts from the Luxembourg Presidency. According to Ross (1995b: 103), however, social policy issues were extensively discussed in the IGC preparations in early April, where the Commission's text won support from a majority of member-state representatives.<sup>98</sup> On the employers' side, UNICE had already stated its firm opposition to extension of Community competences in the field of social policy and collective bargaining in a previous position paper, "playing its usual intelligent game of slow down and decentralize" (Ross 1995b: 150). Not surprisingly, the ETUC did embrace the Commission proposal but considered it incomplete, owing to "the absence of recognised rights to freedom of association, collective bargaining and trade union action, including strikes." (ETUC 12.4.1991)

### **8.3.2 Social dialogue negotiations in the shadow of IGC**

Then, during an intense period from the middle of April 1991, surprising new dynamics emerged. The agenda of the Ad Hoc group meeting of 29 April was to generate feedback to the subsequent Social Affairs Minister's Council, but it was pre-empted by the Luxembourg IGC proposal which had substantially modified the "negotiate or we will legislate"-formula of the Commission. Instead it was proposed that the social partners simply could ask the Commission to recommend to the Council that contractual framework agreements be legally binding across the EC. This had infuriated the European Parliament (EP), which feared being cut out of the legislative process (Ross 1995b: 150). The proposal also worried the social partners, for opposite reasons. Employers were concerned that the proposal undermined their "

safety clause” – to substitute or pre-empt legislation by negotiations – and that the EP would pressure for straightforward legislation. The ETUC feared that the proposal would undercut its vital parliamentary support and that a de-coupling of negotiations from the political threat to legislate would undermine employers’ incentives to negotiate.<sup>99</sup> According to Ross, this gave the Commission chair of the Ad Hoc Group, Jean Degimbe, the space to work on both UNICE and the ETUC. The alternative seemed to be the prior Commission proposal, and – to the surprise of all – the director general of UNICE, Zygmunt Tyszkiewicz, announced that the employers favoured the Commission proposal. This marked a turning point.<sup>100</sup>

Although UNICE representatives always carefully emphasised that the Ad Hoc Group did not discuss any other issue than the relationships between the social partners, and did not consider the question of Community competences and qualified majority voting, the employer turnabout clearly strengthened the Commission proposal. Thus, a paradox emerged: the occurrence in the IGC of a proposal counter to that of the Commission created a new dynamics between the European social partners, and this eventually came to tilt the game in favour of the Commission.

Varying interpretations have been offered to explain why the UNICE representatives changed their attitude, and to this I will return in greater detail later. One view holds that certain influential national confederations had changed their minds regarding the feasibility of Euro-level negotiations; another is that the UNICE “felt boxed in” (Ross 1995b: 151). The “negotiate or we will legislate”-formula seemed to offer employers better and more predictable opportunities for obstructing legislation than the somewhat vaguer Luxembourg proposal. According to employer sources, the change in UNICE attitude had been discussed at a prior Executive meeting, held on 24 April. At that meeting, a very soft and broad mandate was given, one which was subsequently stretched by the actors participating in the Ad Hoc Group.<sup>101</sup>

### *Specifying the new approach*

A Commission draft based on the 29 April meeting, meant to serve as basis for further discussions, spelled out the framework of a possible European bargaining system.<sup>102</sup> This draft is interesting, partly because it illustrates the Commission attempt to maximise the benefits of the UNICE “turn-about”, partly because it can be assumed to portray how the Commission and the ETUC envisaged the institutional requirements for putting a new system into practice. Thus it provides a benchmark for the diluting changes made during subsequent negotiations.

According to the Commission draft, “the participants thought it essential to arrive at a clear definition at Community level of the machinery for negotiations between the social partners and the machinery for approving agreements made (...) in order to give them mandatory status within the Community”, making it “important to state exactly which social partners will be entitled to negotiate and which types of negotiations will take place at Community level.”<sup>103</sup> Besides sketching the possible types of agreements (industry-wise and interprofes-

sional) and their possible extension via *erga omnes* procedures, it was envisaged that the new approach

"would warrant setting up a small body, possibly under the aegis of the Court of Justice (possibly procedure similar to that used to establish the Court of First Instance of the European Communities) (...) to register the agreements (...) and arrange for their publication in the Official Journal; to arbitrate (opinion to be binding on the parties concerned) on appeals in connection with the agreements referred (...); to issue opinions to the Commission on the likelihood of an agreement being reached (....) or the probability of failure to negotiate an agreement(...); to take any action requested by the representative (...) as regards the negotiation procedures described (...)".

This proposal of new supranational institutions of industrial relations, implying the construction of a virtual European Labour Court, caused great difficulties at the employer side and in several member-state governments, but also within some of the trade unions. For example the German DGB feared intrusion by supranational juridical agencies in national industrial relations.<sup>104</sup> The proposal accordingly disappeared during the subsequent negotiations, but has frequently been invoked by experts discussing the functional requirements of the new approach (Keller 1996).<sup>105</sup>

#### *Cheering up the ETUC*

Before the Commission proposal reached the negotiating table, Delors visited the ETUC Congress in Luxembourg (14.5.91) where he spoke on the future prospects of European social policy and strongly argued for further Europeanisation of trade union policies. Delors recalled that he in 1988 had entered into a contract of trust with the trade unions, concerning promotion of social Europe: "*J'y vois l'esquisse d'un contrat de confiance entre la Commission et les organisations syndicales et, meme, plus generalement avec les partenaire sociaux*".<sup>106</sup> Delors maintained that important progress had been made, but he was extremely disappointed by the Council's treatment of central directives, causing what he characterised as an unacceptable and intolerable situation, urging treaty reform. Recalling his efforts to promote social dialogue, he challenged the social partners and the trade unions in particular to take on their responsibility in creating a social Europe. Stating the need for subsidiarity, he argued strongly for development of European framework agreements, and he welcomed the progress of the Ad Hoc group: "*Je sais d'ailleurs, et je m'en felicite, que les conversations au sein de ce groupe sont an bonne voie. Soyez assures que nous tiendrons compte de ses conclusions*".

Delors played his role as animator of further trade union integration effectively, leaving a strong impression that the Commission was on the union's side and in need of stronger union support in the struggle for a social Europe. And the ETUC did its best. The general resolution adopted by the ETUC 1991 Congress (cf. section 6.5) demanded that "the responsibility and autonomy of the social partners within the process of European integration should be clearly defined and recognised" and that "acceptance of this role (....) must be given expression both through Community legislation and by means of social dialogue leading to com-

mon provisions, framework agreements and Europe-wide collective agreements” based on treaty reform. This should guarantee “fundamental social rights such as those of association, *negotiation and collective action at cross-border level, including the right to strike* for both public and private sector workers’ (ETUC Congress Resolution 1991: 18).

Several ETUC appeals issued during May 1991 urged affiliates to mobilise pressure on their respective governments. This was in the run up to the Council Summit on 28–29 June, typically illustrated by a letter from the ETUC general secretary: “The social dimension is in its dire straits, and the only way to overcome the opposition and objections raised by certain governments is through vigorous representations at national authority level (...). Warning bells must be sounded everywhere; time is running short and this is one battle we cannot afford to lose” (ETUC 28.5.91).

#### *Employers under increasing pressure*

In the meantime, difficulties had emerged in the Ad Hoc Group. The Commission draft was found unacceptable by the employers, who requested postponement on the grounds that their delegation as yet had no brief.<sup>107</sup> This was expected to be set by the Council of presidents of the UNICE, meeting on 13 June. Due to ETUC protests, however, new meetings were held in late May where the employers’ side met to work out the agenda for the Council of UNICE, whereas the Secretariats of the ETUC, UNICE and CEEP met with the Commission DG V to prepare the further process.

The ETUC proposed a joint declaration, by and large in line with the Commission draft, adding that “the Ad Hoc Group deems it essential that the rights of transnational association, action and collective bargaining should be recognised and the exercise of those rights assured”. This provoked employer protests, but UNICE stated its readiness to discuss at its Council three factors for enhancing the social dialogue: Joint opinions and their effects; recommendations; and negotiated European agreements as an alternative to legislation.

In the UNICE Council of presidents meeting on 13 June, a majority seemed prepared to accept the idea of European negotiations. However, the picture was complicated by strong opposition, especially from the British, Portuguese and Greek employers. UNICE therefore decided to write to Delors, setting out preconditions for extending the scope for social dialogue.

The ETUC position was reaffirmed in an Executive meeting held on 13–14th of June and in a preparatory meeting between the Secretariats of the ETUC, UNICE and CEEP and DG V on 19 June, UNICE presented the letter which it intended to send to Delors.

This letter, entitled “*The future role of the social partners at European level*”, clearly set out the restrictive, strategic view of UNICE. Signalling a strong wish to roll back the impression that UNICE had supported the Commission proposal for extended Community powers, it was emphasised that UNICE’s principal view “stands still” and “in particular, UNICE stresses that nothing in the present position paper should be interpreted as endorsing the ideas of those who want to extend the Community’s competence in the social field, even to areas,

which by tradition, fall within the scope of the Social Partners". With reference to the progress of social dialogue in recent years, however, UNICE expressed that it was:

"sure that the Social Partners can also find appropriate answers to the social questions, which, in their view, need action by them at the Community level, as a substitute for any Community action in that field".<sup>108</sup>

This letter was most likely the outcome of a complicated balancing act. UNICE had realised that its tactical sympathy with the Commission proposal for treaty reform could be misused, and that it risked being trapped. The letter thus represented an attempt to play down the significance of UNICE's previous "U-turn". On the other hand, the paper clearly intended to keep open the UNICE "safety clause" of replacing possible legislation with negotiations and sent an unambiguous signal that UNICE's sole motive for engaging in possible European negotiations was "to substitute for any Community action in that field". By acting unilaterally, UNICE presumably wanted to cut off the Commission "two-level" game between the IGC and the Ad Hoc Group.

This upset the ETUC delegation, which criticised UNICE's "unilateral expression of its opinion on a joint mandate received at the Steering Group of 25 January 1991" (ETUC 18.7.1991). The ETUC Secretariat nevertheless continued to press for a Joint Communication to the June IGC Summit; in an Ad Hoc Group meeting on 21 June, the ETUC delegation managed to persuade UNICE and CEEP to set out an "interim" position in a joint letter to the upcoming Council Summit, to be drafted by the Secretariats.

When negotiating the letter, the ETUC Secretariat achieved a slight shift in the UNICE position, and, in order to lock into the discussion process, decided to sign the draft letter as it had been worked out. CEEP also decided to sign there and then, according to the ETUC summary. UNICE was, however, unable to sign and asked for 24 hours to think it over; what happened was that Zygmunt Tyszkiewicz signed 10 minutes before the deadline. Thereafter, the letter was immediately sent to the Council president Santer, Commission president Delors, commissioner Papandreou and the Dutch and Luxembourg Labour Ministers. It "stands as a key-stone in the continued work of the Ad Hoc group", according to the ETUC summary, further underscoring the close link between the time schedule of the IGC process and the social dialogue negotiations, exploited by the ETUC to lock UNICE into the process.

When we examine the joint letter, which mainly reiterated key points of the UNICE position paper, it seems less clear who had achieved most. In the final point, however, there was a new formulation which could be interpreted as a slight UNICE move towards accepting more binding relations between the European social partners:

"The social partners stress the fundamental importance of bargaining within Member States and their wish that social dialogue at European level should enhance rather than impoverish such bargaining. (...) The Ad Hoc Group will continue its discussions including studying possibilities of negotiations which might lead to agreements at European level and their legal framework, if necessary" (ETUC, UNICE and CEEP 28.6.1991).

These ambiguous formulations were indeed somewhat more positive to European negotia-

tions than the previous UNICE position paper had been, suggesting that the Secretariats of the organisations were more willing to stretch their mandates and find formulations that could be mutually acceptable than their peer organisations. Still, it would be an overstatement to say that, after half a year of talks, the Ad Hoc Group process had led to any decisive breakthrough. From an ETUC and Commission perspective, it was yet significant that they had managed to prevent UNICE from exiting, and that they had achieved high-level UNICE consent to continue discussions. By keeping the ball rolling, UNICE had gradually been dragged into the process, and several potential “veto points” inside the UNICE had been passed. It was too early yet to judge, however, whether any of these represented the point of no return.

### 8.3.3 Stumbling into the 31 October agreement

After summer 1991, several meetings were held between the Secretariats. Within the Ad Hoc Group, the parties seemed to be treading water and the outcome remained uncertain. The IGC process found itself in a vacuum. In September the Dutch Presidency had drafted a new proposal for treaty reform, containing a modest but significant extension of Community powers and QMV in social policy – without, however, the “negotiate or we will legislate” formula. The situation was confusing, not least for the employers, who feared that the British government could be forced into yielding to pressures or side payments from other member-states and accepting a compromise (Hall 1994a: 299). This apparently strengthened the temptation of UNICE to strike a deal with the ETUC to be sure it could replace possible EC legislation with consensual Euro-agreements.

The parties had agreed to a end-of-October deadline for the Ad Hoc Group in order to prepare an input to the final preparations of the IGC, and from 29 October the parties negotiated almost non-stop. The picture on the employers’ side was, according to some participants, confusing and in disarray. Thus, “when the last meeting started, almost none of us believed in a result” (Strøby Jensen 1995: 295).<sup>109</sup> During the process, several employers’ confederations exerted strong pressure within the UNICE camp, pleading for a compromise. Especially the Belgian, French, Italian and Spanish employers’ representatives played an important bridge-building role. The British, Greek and Portuguese held back, with the Germans in an unclear intermediary position.<sup>110</sup>

Important issues of controversy were the mechanism of extension (*erga omnes*); whether sectoral agreements were to be included; implementation of possible agreements; and the coverage of SME enterprises and “poor” sectors. UNICE tried to avoid sectoral agreements and that possible agreements should be binding on the affiliates, while the ETUC tried to play on employer divisions by threatening exit from the social dialogue and instead coalitioning with the Commission for increased legislation (Strøby Jensen 1995: 296).

At a very late stage in the negotiations, the British CBI, which had been thought to be the obstacle for a solution on the employers’ side, surprised everyone by declaring its readiness to accept an agreement and stay in the game. According to CBI sources, the rationale for this



about-face was the conviction that the CBI had more to lose both externally and internally in UNICE by "walking out", than by exerting influence from inside.<sup>111</sup> According to Jean Degimbe (DG V), the secretary general of the CBI, Dick Price, had approached him in the corridor, stating that "I can't refuse, otherwise we will lose all credibility."<sup>112</sup> Eventually, the CBI unofficially advised the British government to remain in the game and not opt-out at Maastricht.

The CBI change did, however, lead other employers' associations to withdraw, lending support to the argument that they pursued "cheap talk" for domestic audiences. The German BDA threw in a new proposal that in cases where negotiations between the social partners did not lead to agreement, the Council could only enact legislation unanimously, thereby strengthening the employers' power to block legislation. This virtually led to a breakdown of negotiations just as the deadline was approaching, on the morning of 31 October.

In tying up the situation, Degimbe of the DG V played a crucial mediating role, deliberately building up pressure on the actors by creating an atmosphere of "now or never". When submitting his last draft, hastily cobbled together with bits of text from both sides,<sup>113</sup> he triggered the actors to grasp the opportunity to achieve treaty recognition: "Gentlemen, I am sorry to say it, but this is your last chance, the Maastricht bargainers need your text, so it is now or never" (Strøby Jensen 1995: 297).

After considerable arms-twisting on the employers side, the agreement was accepted and signed on the spot. And this was how the "historical" 31 October agreement, later referred to as the first path-breaking collective agreement at European level and a crucial act of institution-building (ibid.: 269), was settled.

The agreed text was instantly, without any procedures for approval or discussion in the respective organisations, forwarded to the IGC by the EC Presidency, Dutch prime minister Lubbers. According to UNICE sources, members of the Ad Hoc Group here acted quite independently: these were strong personalities who could sign it and sell it afterwards, and they took the responsibility without going to their constituent organisations for approval. Had they done so, they would presumably not have won acceptance, at least not at the employer side.<sup>114</sup> As in most pioneering settlements, swift action undertaken by a small group, who had worked together for months, circumvented possible veto points and produced a social fact that was to set the premises for further developments.

For the Delors Commission this meant a significant victory. At long last, the social dialogue had managed to produce something serious – thanks not least to the cleverly designed proposals of the Commission itself (Ross 1995b: 183). The Dutch Presidency incorporated almost entirely the joint text of the social partners into its proposal for treaty reform. This meant that the basis for the IGC discussions on social policy became virtually a copy of the original Commission proposal, however with some important exceptions: There was no mention of establishing an institution similar to the Belgian *Conceil National du Travail*, responsible for approval, registration and arbitration of agreements. Likewise, the ETUC demands for cross-border rights to industrial action had disappeared during the process, as had the definition of

the social partners, leaving the issue of sectoral negotiations in the air.

To exert pressure on the Maastricht Summit, an ETUC resolution adopted by the Executive Committee (5.12.91) was directed to the IGC Summit, entitled "*Maastricht: Making Social Europe a Reality*":

"Those attending the Maastricht Summit now have to make a fundamental choice between: – giving the Community expanded powers over social policy, with a qualified majority voting procedure, thereby allowing it to meet the economic and social challenges of the internal market; – or taking the risk of allowing the social consensus within the Community to disintegrate, thereby preparing its eventual destruction. (...) The ETUC – that is, 46 million working people belonging to trade unions – can no longer tolerate the social deficit which, in conjunction with the democratic deficit, threatens the development of a just and socially-conscious European Community."

### 8.3.4 Striking the IGC social policy compromise

At the Maastricht Summit, social policy was certainly not at the centre of the agenda, but it was to become one of the most complicated and controversial issues, almost deadlocking the final negotiations. The Dutch Presidency, foreseeing that social policy would be where British prime minister John Major would draw the line, had prepared a diluted compromise proposal (Ross 1995b: 191).<sup>115</sup>

The British were unwilling to accept even this low-key compromise, however. A commonly shared interpretation is that Major needed a public Maastricht confrontation to offset opposition from the Euro-sceptical constituencies in his Conservative Party, something which would allow him to announce "game, set and match for Britain" before the upcoming Parliamentary election (Lange 1993: 26). On the other hand, the French government in particular, but also the German, could not accept a treaty which failed to extend QMV on social policy issues (Hall 1994a: 300, Rhodes 1995: 109). According to Commission sources, this British stance caused anger from Kohl and Mitterand, who felt that they were wasting their time and withdrew the compromise text.<sup>116</sup>

The danger of breakdown provided an opportunity for the Commission to intervene: Thanks to smart politics, prior brainstorming and quick action from the support team, Delors managed to produce language and justification for what would become the Maastricht Social Protocol, allowing the British to stay out of the new social policy chapter (Ross 1995b: 191). The text of the appended "eleven agreement" was based on earlier, more stringent drafts than the compromise text offered Major<sup>117</sup> – paradoxically implying that Major consented to the adoption of a more far-reaching reform which had originally been designed as a bargaining chip (Pierson and Leibfried 1995b: 463).<sup>118</sup>

The final deal was made late on the final morning when only Mitterand was fully awake, according to Blainpain (1992); and, as had so often been the case for Delors' proposals, it was Helmut Kohl, "by this point looking for a semi-graceful way to end the talks, who placed the proposal on the table" (Ross 1995b: 191). Worth noting is, however, that when it had become clear that a British "opt-out" would be accepted, the French government tried to toughen the

text, but this was vigorously opposed by the Iberian countries (who were evidently not sleeping) (Barnard 1992: 29). Moreover, soon after the Maastricht conference, the Dutch Presidency circulated a proposal for diluting the adopted text, but, as this threatened to reopen a Pandora's box of re-negotiations, it was immediately rejected (ETUC 19.12.1991).<sup>119</sup>

The unforeseen outcome, allowing a dual treaty base and a British "opt-out", was a tactical triumph for the Commission, who had managed to get most of its original proposals through, contrary to all predictions. If the Maastricht Social Protocol was a "miracle", as suggested by Roger Blanpain, "it was a well-prepared one", according to the DG V director, Jean Degimbe (Fondation Europé et Société 1992a: 2). For the employers, the outcome was at first sight disturbing. UNICE was basically opposed to both EC legislation by QMV and to Euro-negotiations – and now it had apparently got both.

### 8.3.5 Immediate ETUC reactions

No wonder the ETUC celebrated the outcome as a historical victory in its struggle to develop social policy and industrial relations at the European level, typically expressed in an ETUC declaration: "Maastricht: A Success for the Social Dimension" (ETUC Press release 11.12.91). Since the Maastricht Social Agreement was tailored after the 31 October agreement between the ETUC, CEEP and UNICE, it rapidly gained legendary status at ETUC headquarters: "An agreement which paves the way to European-level collective bargaining" (Note from the ETUC Secretariat to the Executive Committee 5–6.12.1991). Here it was claimed that

"The agreement of 31 October has given us the green light! (...) This is the ETUC's reward for all our efforts to ensure that the social partners are accorded an autonomous role and real responsibility for constructing the social dimension of the internal market. The move in European labour relations towards contractual relationships has thus been placed on a firm footing and needs now to be put into practice" (ibid.: 4–5).

Calling for swift initiatives to move ahead with European negotiations, it was, further, suggested that the ETUC had encouraged "revolutionary changes within UNICE", envisaged "to set in motion internal reforms which can be compared in their scope to those advocated by the ETUC's Luxembourg Congress" (ibid.: 5).

Once the dust had settled, however, the task of putting the new arrangements into practice was to prove less straightforward than foreseen. Not all European trade union leaders shared the "revolutionary spirit" of the ETUC Secretariat, nor did the employer counterparts in UNICE. Moreover, the legal ambiguities of the settlement left ample room for strategic attempts at redefining and undermining the legitimacy and significance of the arrangement, suggesting it was still premature to celebrate Maastricht as a watershed of European industrial relations and trade unionism.

## 8.4 How could it happen?

### 8.4.1 Overview

The two-tiered negotiations leading to the 31 October agreement and the Maastricht Social Protocol intriguingly illustrated the complexities of EC integration. First, they drew attention to how instances of institution-building and constitution of social actors at the supranational level were conditioned by and influenced the intergovernmental bargaining at Maastricht.<sup>120</sup> Second, they demonstrated how the Commission as agenda-setter and process manager can influence important instances of Community integration (Pierson 1995: 22–23). Third, they showed how rapprochement between the European social partners was conditioned by long-term processes of institutionalised interaction, learning and mutual recognition while simultaneously reflecting contradictory strategic objectives. Fourth, the way in which the compromise was brought about illustrated how institutional processes of so-called intergovernmental and supranational character interact and, under certain circumstances, can provide scope for strategic action leading to unexpected institutional transformations.

Under the pressure of a possible extension of EC social policy powers, the growing ties between the Commission and the ETUC (to some degree also including UNICE)<sup>121</sup> enabled a corporatist coalition of supranational actors to gain decisive influence on the constitutional political process of the Community. The prospects of increased European “stateness” thus triggered an unforeseen move towards the Europeanisation of capital and labour interest representation. This can be conceived as a politically constructed spillover from the bargaining over economic and political deepening of European integration within the IGC.<sup>122</sup>

### 8.4.2 Commission process management and the role of the social dialogue Ad Hoc Group

An essential precondition for the process leading up to the Maastricht Social Protocol was the role of the Commission as agenda-setter and process manager, towards the IGC and the social dialogue. Clearly, as a supranational agency, the Commission did not function purely as an instrument for preparing the member-states’ intergovernmental conference: it acted as an autonomous political actor, deliberately pursuing its own interest in strengthening the Community’s social dimension and bolstering political support and legitimacy for this purpose. The relative success of this strategy presumably reflected the shared interest of the Commission and the social partners in securing the latter a recognised role in Community decision-making – however, for conflicting reasons.

The preparations for the social policy reform at Maastricht further demonstrated what Cram (1995) has referred to as the Commission’s skill in using “symbolic policies and rhetoric” made by the Council as well as institution-building nurtured by the Commission itself, as springboards for extending its own credibility and powers. The accumulated results of seemingly “cheap” social policy initiatives, accepted by intergovernmental decisions, and minor incremental developments of the social dialogue at supranational level, were used to create

commitments which the member-states and the social partners were urged to live up to at a later stage. In this respect, the process represented a continuation and culmination of the Commission's long-standing efforts at creating incentives – “carrots and sticks” – that would encourage the social partners to engaging in more binding relations at the European level (Martin and Ross 1995). By redefining and reifying past steps into social realities, the actors were seemingly pulled into a path-dependent development where the most feasible response was to forge ahead. Hereby the main European employers' association, UNICE, got locked into the process, although it should be noted that also UNICE had learned to master the art of “cheap talk and symbolic policies”.

A second factor behind the successful negotiations between the social partners was the composition, organisation and status of the Social Dialogue Ad Hoc Group which worked out the 31 October agreement. The Ad Hoc Group was composed of “political” representatives from the confederal member-organisations of the ETUC, CEEP and UNICE, one from each EC member-state. The European industry committees of the ETUC, the sectoral business associations and the EFTA organisations – all of whom would be directly affected via the EEA agreement – were not formally represented. Most of the representatives in the Ad Hoc Group were not involved in collective bargaining matters at the national level. Thus, only a fairly limited proportion of the organisation's affiliates took part (hereby reducing heterogeneity), though with relatively high-ranking, strong personalities, potentially capable of acquiring legitimacy to the process. Furthermore, the Secretariats of the European organisations were key players, presumably keen to bolster their own merits and credibility.

There are different interpretations of the status and nature of the Ad Hoc Group. From employer sources I was told that the remit and the way the Ad Hoc Group was appointed and worked suggested it was a kind of independent “brainstorming” group.<sup>123</sup> Its members were perceived as acting more in terms of their personal capacity, than as formal representatives of their organisations, carrying no formal mandate to engage in anything like a collective agreement. Assigned by the Commission, their task was, in this view, to make a limited proposal to the IGC, and what they agreed would be binding only to them. Consequently, they sent the final agreement of 31 October directly to the IGC without any kind of approval or discussion in their organisations.<sup>124</sup> This interpretation can of course be seen as reflecting a strategic interest in downplaying the significance of the settlement; however, also on the trade unions' side various sources indicated that the role of the Ad Hoc Group was somewhat unclear. Knowledge among the ETUC affiliates about what was going on there was limited and the result came as a great surprise.<sup>125</sup> As noted by Sune Bögh (LO Denmark), “no one believed in the Ad Hoc Group and it was not really taken seriously.”

Nevertheless, despite uncertainty about the formal role of the Ad Hoc Group from the outset, the dynamics it unleashed represented substantial and gradually extended involvement from the organisations, though at arms-length distance. In UNICE and in the ETUC high-level discussions were pursued; the UNICE Council of presidents and the ETUC Executive Committee were informed and gave green light for continued talks at important crossroads.

Thus quite broad networks and layers of the organisations should have known about the process, although location of the ultimate responsibility for it remained diffuse and the attention of the domestic organisations had not been awakened. The ambiguity caused by this partial organisational involvement (securing legitimacy) and partial circumvention of formal decision-making procedures (avoiding veto points) presumably contributed to a situation of “creative uncertainty” which provided scope for informal strategic leadership by the Secretariats and a kind of decision-making by “flight” (Olsen 1995b: 11, Cohen et al. 1972).

On the employer side it was the Council of presidents of the national confederations in June which, after considerable disagreement, gave the green/amber light for continued talks and equipped the Secretariat with a vague, half-open mandate. Representatives of the multinational companies were not present, and the employers’ industry associations, as known, are not members of UNICE. Thus, the brief was given by a group in which most actors carried no bargaining mandate and were not involved in the machinery of collective bargaining at home.<sup>126</sup> The dynamics in the Ad Hoc Group and the divisions within the employer camp apparently allowed important UNICE actors to move ahead of their domestic constituencies and promote the institutional interests of their European agencies (which did not always mirror affiliate interests). This was also the case on the trade union side, where bargainers in the German and the Nordic unions started questioning the legitimacy of the deal as soon as they came to know it.

What seems essential for explaining the outcome seems to be the distinction between the organisation’s Euro-level agencies, running the operation with somewhat unclear mandates, and their national peers, incapable of monitoring the process. The engine of the process was the European Secretariats of the organisations for whom the Ad Hoc Group provided a framework for intensified mutual contacts, discussion and rapprochement, including also the strategists in the Commission. It may well have been the informal and unbinding character of the talks, with their possibilities of “deniability” and detachment, that secured the degree of freedom to “*fuit en avant*” and create a “Catch-22” situation which constituted social facts that otherwise would probably never have been achieved but still happened to bind the respective organisations. A kind of “two-level” game was conducted in which the loyalties and power relations between the European and national tiers of the organisations were temporarily shifted, also owing to the “model power” granted the Secretariats through their insider knowledge, contacts and relative monopoly of information. This gave them the upper hand in defining the bargaining situation and proposing solutions.

As emphasised by Olsen (1995b: 10–11), decision-making often does not fit with concepts of rational choice. Goals may be ambiguous and changing, means–ends relations can be poorly understood, and choice opportunities flow together in unexpected ways. Outcomes depend largely which problems, solutions, participants, and choice opportunities are available simultaneously, and they are sensitive to contextual fluctuations. Such processes may facilitate decision by flight, situations often referred to as “windows of opportunity” (Kingdon 1984, in Olsen 1995b: 11). Although the events leading up to the 31 October agreement (and

the MSP) clearly exhibited similarities with such a situation, the element of strategic design was significant. Key actors of the Commission and the ETUC had deliberately sought to create a context, or path, where the participants felt less bound by their hierarchical obligations and where certain solutions seemed more feasible than others.

### 8.4.3 Strategic choice facilitated by coinciding diverse motives

It has been suggested that the 31 October agreement reflected decisive strategic choices of the social actors with potentially long-lasting implications for the future evolution of European industrial relations (Strøby Jensen et al. 1992, 1995). Accordingly, to understand the inner logic of the compromise and its possible impact, we will need to take a closer look into the tactical and strategic deliberations guiding the central actors, and how these were influenced by the institutional context.

As we have seen, the dynamics and the context which facilitated the settlement allowed key European actors to define the agenda in a way that neutralised potentially countervailing forces, or made possible the formation of tactical coalitions. My suggestion is not simply that supranational forces out-manoeuvred national counterforces, but that a temporary constellation of tactically coinciding but strategically contradictory interests enabled the outcome.<sup>127</sup>

In a situation where multi-tiered, heterogeneous associations are striving to constitute themselves as legitimate collective actors, both internally and externally, it is not easy to identify distinct (short and long-term) actor interests. The way participants perceived their interests was, moreover, influenced by the complex institutional setting which made anticipation of possible options and likely outcomes difficult to comprehend. While the agenda of European-level participants was influenced by their desire for recognition as political actors, the agenda of the national participants was influenced by the aim of becoming more efficient in protecting national interests at the European level. The final compromise was a result of a difficult balancing act, hard to reconcile with a simple formula of rational interest bargaining. As pointed out by Ahrne (1990: 112–113, in Strøby Jensen 1995: 302):

“Compromises are reached when no party expects able to win. They are ways of not losing everything. Compromises are strategic decisions and thus intentional. The intentions may be hard for an outsider to discover, however, since the result is something that nobody wanted from the beginning. In this respect compromises are unintended consequences occurring when an organisation encounters resistance which it cannot overcome.”

#### *ETUC considerations*

The 1991 ETUC Congress had expressed broad support for the aim of gaining stronger influence on EC social policy and the idea of European agreements. Still, there were varying perceptions of the importance, meaning and concrete implications of European negotiations, a point which was to cause considerable tension at a later stage (see chapter 9).<sup>128</sup>

While the ETUC Secretariat and most of the Southern and Benelux confederations saw the 31 October negotiations as an important step towards developing real European collective

bargaining, the motives of for example the German, Nordic and British representatives were of a more mixed kind, reflecting divergent national situations. Owing to the shared union interest in conquering the resistance of UNICE, however, the autonomous dynamics of the Ad Hoc Group negotiations overshadowed the divergent union views, which in turn was probably what allowed the representatives to move beyond the established consensus in the ETUC.<sup>129</sup>

The perception of certain common European trade union interests evidently interplayed with perceptions of intranational trade union relations and power constellations.<sup>130</sup> The confederal representatives in the Ad Hoc Group were generally more committed to the task of promoting European integration and the role of the ETUC than their domestic constituencies. It was well-known that the European activities in many national union movements were dominated by people in the confederal Secretariats and international departments who among national industry unions were often conceived of as quasi-diplomats, preaching wishful thinking without being in touch with the real world of collective bargaining. Conversely, many union representatives involved in European affairs tended to regard their domestic unions as captives of overly narrow and nationalist perspectives. This suggests that the participants in the Ad Hoc Group were not merely pursuing national union interests (which were not at all clearly defined). Participants realised that a positive outcome could strengthen the precarious support for European integration and the ETUC among the domestic unions and that opening of a new space for European negotiations might link national bargainers closer to the European process, thereby presumably enhancing the role and influence of those engaged in European activities.

For example, there is good reason to assume that the attitude of the German union representatives in the Ad Hoc Group was influenced by political desires to strengthen the European profile of the German union movement, and possibly also by a wish to bolster the role of DGB towards the industrial unions in this sphere. In the face of domestic credibility problems and an upcoming process of union reform, an extended union role at the European level could reassure the position of the DGB.<sup>131</sup> In a similar way, the British union representative saw the introduction of European negotiations as a way to circumvent the veto policies of the British government, forge a stronger role for the TUC and force the CBI into negotiating relations at home, thereby also counteracting the drive towards decentralisation of bargaining and de-recognition of unions in Britain.<sup>132</sup> Such a prospect was also compatible with initiatives to restructure and modernise British unions, and their unfinished struggle to overcome anti-European attitudes among the affiliated unions and the membership. In Denmark, there had been widespread union scepticism towards EC treaty reform, partly because for fear that extended EC legislation in the social policy field might cause an unwanted juridification of national industrial relations. The concept of negotiated EC regulations contained in the 31 October agreement and the MSP could be expected to prove helpful in easing such opposition. Also among other Nordic union representatives the notion of a “Euro-corporatist” mode of social policy decision-making was assumed to make European integration more



attractive to trade unionists.

Thus, the union deliberations connected to the Ad Hoc Group were more complex than simply pursuing a unified European strategy or exchange of given national views. Common understanding was developed through learning and accommodation underway, and an important aspect was to influence domestic perceptions of European trade union policies in a kind of "two-level"-game. The negotiations over European institutions were thus closely intertwined with domestic struggles over redefining national trade union institutions, practices and power relations. However, with only partial national legitimization, the ETUC architects of the 31 October agreement might have underestimated the domestic counter-reactions.

### *The strategic dilemma of UNICE*

Boxed in by the threat of increased Community legislation and the superior ETUC "symbolic capital" vested in the notion of social Europe (Strøby Jensen 1995: 281), UNICE was deeply divided on the issue of European negotiations. The acceptance of European negotiations was promoted by several national employer confederations who were familiar with tripartite social dialogue and negotiated legislation at home, particularly the French, Belgian, Italian and the Spanish employers' representatives.<sup>133</sup> Also the Danish employers played an active role in brokering the policy change, evidently attracted more by the option of preventing EC legislation from interfering with the domestic collective bargaining system, than by the benefits of Euro-negotiations. The German BDA was hesitant; the most reluctant were the British, Portuguese and the Greek employers, while the others followed for more or less pragmatic reasons, fearing increased Community legislative interventionism.<sup>134</sup>

It is important to understand this UNICE constellation, with a majority of positive or tactically supportive confederations and the European Secretariat on the one hand, and a minority of negative confederations (the company representatives not taking part) on the other, if we are to explain UNICE's later internal tensions and attempts at distancing itself from the resultant deal. The official story of UNICE's change of strategy is simple:

"Why did UNICE accept the idea of European level negotiations? Why did we go down that road? Why in a Europe where collective bargaining tends to move away from the centre as far down as the plant level are we re-centralising bargaining and bringing it up to the European level? The reason is that the employers were convinced that Maastricht would result in much wider powers for the Commission and the Council in the social field; a great extension of qualified majority voting, and therefore a greater number of legislative acts in the social field. Experience so far in EC social legislation is that the legislator is getting it wrong. The legislator is being too detailed, too prescriptive, is trying to fix everything from Brussels. We became convinced that the only way to stop him or her would be by negotiating some of the issues ourselves. We felt we would be better custodians of subsidiarity than the legislator. We were also quite convinced the unions would be too. The reason is that our members and theirs will be breathing down our necks because they do not want to lose national sovereignty. Naturally they do not want the European level organisations treading on their territory. That is very healthy. They will allow us to go along only with broad framework type agreements, rather than the prescriptive and detailed type of legislation that we are getting from the Commission. That was our reasons to negotiate" (Tyszkiewicz, UNICE 1992: 8)

Clearly, acceptance of European negotiations was the least costly security clause which employers could obtain, confronted with the prospect of increased legal interventionism by the “abominable snowman”, that is, “the Commission–Parliament–European Court of Justice trio” (W. Beirnaert, in *Fondation: Europé et Société* 1992a). Anticipation of supranational political pressures convinced a majority of national employer associations to accept new supranational institutions, mainly in order to improve employer capacity to pre-empt unwanted European policies and protect national interests, underlining how European and national strategies are intrinsically intertwined.

The strategic rationale of the employers’ consent was thus in complete contradiction to the official ETUC aim of establishing a veritable European industrial relations system. As pointed out in Dølvik (1992, 1993a: 29), European negotiations could presumably allow the employers tactical postponements and time-consuming obstruction of the legislative Community process. Moreover, the responsibility for EC social policy could be put on the shoulders of the social partners; failure at reaching agreement could alert the Council and weaken the legitimacy of legislation; and, finally, aware of the ETUC interest in establishing Euro-agreements, UNICE could gain the upper hand in negotiations. As demonstrated by “exchange theory” (Hernes 1975), in consensual negotiations, the least interested commands the strongest bargaining capital: collective bargaining *without* the right to industrial action can easily become “collective begging” (Blanpain 1992).

This logic was spelled out with exemplary clarity to me by UNICE’s director of social affairs, Bernard Arnold, who was a key actor behind the 31 October agreement. In his view employers might, of course, have an interest in European negotiations, but only insofar as the trade unions proved their ability to deliver, for instance industrial peace or other collective goods which were of real value to European employers. Otherwise, the sole employer motive for European negotiations was to dilute or avoid EC legislation.<sup>135</sup> The negative side of this for UNICE was that it, for the first time, had to accept the idea of European collective bargaining (Ross 1995b: 151). However, as long as that, in the view of employers, was a lofty idea without much prospect of becoming reality, it could be written off as merely a “symbolic gesture”. So, from this perspective, it could be asked whether the employers had not after all been the most skilful masters of “cheap talk”.

This was apparently not the whole true story, however. First, an important side-motive for the employers was that UNICE through the 31 October agreement and the MSP could strengthen its position as European political actor and bolster its monopoly status as employer representative in social policy matters at the European level (Strøby Jensen 1995: 284–285). That would indeed strengthen its legitimacy both in the public and towards affiliates, which – particularly for the UNICE Secretariat – could be helpful in its efforts to create stronger cohesion, discipline and integration among European employers. As shown in chapter 7, UNICE suffered from weak cohesion and strong internal tensions, at the same time as it was faced with upcoming competition from independent employers’ associations at the sectoral level and from multinational companies through the channels of the European

Roundtable of Industrialists and various Chambers of Commerce. According to Strøby Jensen (1995: 285), UNICE feared that contending employer-sector associations could prove more willing to strike compromises with European trade unions and the Commission, possibly undermining the position of UNICE. As a multi-purpose association, UNICE therefore faced the strategic dilemma of designing an approach which could be both sufficiently flexible to improve its credibility as political actor and prevent rivals from entering the arena, but also restrictive enough to offset social policy activism by the Commission and the ETUC, simultaneously tying together affiliates with divergent perceptions of employers' interests.

In this defensive position, the earlier UNICE strategy of continuous veto policies and avoidance of any mandate seemed unsustainable and potentially self-defeating, in the view of important affiliates. If it were to be a strong and credible political representative of European business interests, UNICE could hardly just go on "saying no, no, no to the governments and the Council. We knew that, we had to act" (UNICE source, cited in Strøby Jensen 1995: 277).

Second, employer sources have suggested to me that they somehow miscalculated the IGC negotiations. Foreseeing a British blockage of the proposed treaty reform, or, if that were not possible, a substantial dilution of the proposal, the UNICE acceptance of Euro-negotiations could be seen as a smart way of strengthening employer influence on EC social policy, not merely a defensive safety clause. It could also be helpful in inhibiting legislative treaty reform. Thus, "UNICE was hedging its bets" (Ross 1995a: 380). However, UNICE had not anticipated that the British government would be allowed to "opt-out", and therefore, in exchange, had to accept that the other member-states could move ahead on the basis of much wider competences and QMV without the decisive British votes and influence. With the British outside, only six countries were required to achieve a qualified majority (Tyszkiewicz 1992) and the tacit coalition between the British and certain Southern governments, which before had been able to master a blocking minority, had evaporated. As an unintended consequence of gradual tactical steps and compromises, employers were suddenly faced with a scenario of accelerating EC legislation transforming European negotiations into something with real content. Hence, the 31 October agreement enshrined in the MSA became a double-edged sword for the employers' side.

This was certainly true for the British CBI, which had urged Major to stay *inside* the social policy field in order to ensure British influence. After Maastricht, the CBI ran the risk of being sidelined both in the political process and in the UNICE context: "It was certainly not the scenario we had foreseen or wanted".<sup>136</sup> With the British government outside, a likely scenario would be for the legislative process to speed up, with the "Euro-friendly" forces in UNICE strengthening their position. From the perspective of British employers, it could of course appear attractive to be the only *outsider*, benefiting from more lax regulations and lower costs than the competitors; but the perspective of an incoming Labour government "opting in" could turn the "opt-out" solution into a boomerang. Historically, most examples suggested that intergovernmentally bargained exemptions sooner or later tend to disappear. Then Britain would have to take over a whole mass of legislation on which its influence had been

minimal. Accordingly the CBI had seriously thought of defecting from its official loyalty to Major's policy, but it kept in line in order to save the re-election of the Tory government. Thus, when the 31 October agreement became known among the Euro-critical domestic constituencies, the CBI leadership immediately started a pull-back operation. In a letter to UNICE, the CBI asked UNICE to clarify the terms of its agreement with the ETUC, stating that the CBI position could not be interpreted as acceptance of a Community procedure which would be binding at national level: "We will not agree to any legally enforceable agreements concluded between employers and employees at a Community level", according to director-general of the CBI, John Banham (*Financial Times* 6.11.1991). Again, we see that also in interest organisations European and domestic policies are inextricably intertwined.

Also the German employer confederation (BDA) had an ambiguous attitude to the 31 October agreement. With no role in national collective bargaining and a strong anti-corporatist legacy of domestic industrial relations, German employers found the whole concept of the 31 October/Maastricht compromise quite alien.<sup>137</sup> On realising that the British employers would not block an agreement with the ETUC, the BDA, as mentioned, threw in a new proposal which would effectively have undermined the sketched outcome, however, without success.<sup>138</sup> The BDA had apparently paid lip-service so long that the point of no return had been passed. That Chancellor Kohl later brokered the "opt-out" deal with the British government further fuelled German employer disaffection. Since a central reason for German employer support for EC social policy had been to raise the costs of competitors, not least the British, the Maastricht outcome could be perceived as the worst possible from the point of view of German employers:

"Nach Auffassung der deutschen Arbeitsgeber (BDA) werden die sozialpolitischen Weichenstellungen gravierende verfahrenstechnische Probleme aufwerfen; der Ausstieg Grossbritanniens aus der Sozialpolitik programmiere eine Wettbewerbsverzerrung zum Nachteil der Unternehmen der anderen Länder vor" (Platzer 1991/92: 270).

Thus a crucial precondition for development of European social policy and industrial relations had apparently started withering: this was the broad political support of German actors. If two of the largest confederations within UNICE, the British CBI and the German BDA, were to pull back, the impact of the 31 October agreement and the MSP would indeed be seriously impaired.

To *sum up*, the 31 October compromise reflected not only the coincidence of contradictory strategic objectives between employers and the labour side, it also reflected a diverse set of tactical considerations and purposes within each side, strongly influenced by the institutional context in which the negotiations took place. Thus, we may plausibly view the institutional changes and the upward delegation of authority within the participating associations implied by the outcome as "an unintended consequence of incremental earlier steps" (Strøby Jensen 1995: 303).

#### 8.4.4 The impact of longer-term institutional factors

As already emphasised, the 31 October agreement cannot be understood without taking account of the long-standing Commission efforts to institutionalise relations between the social partners at the European level. The involvement of a growing number of central representatives of UNICE and the ETUC since the mid-1980s had enabled certain mutual interests, understanding and respect to evolve. As noted by the social dialogue chairman, Jean Degimbe of DG V:

"It was a very long story: it took the Val Duchesse meetings fifteen years to come about [and] it took more than twenty years to actually begin negotiating. Now the actors know each other really well and that is crucial."<sup>139</sup>

As parts of what formally could be characterised as reiterated games within the social dialogue, the threshold of withdrawal had been lifted, and defection could prove costly at a later stage. That is, the actors had attained some vested interests in defending the legitimacy of their institutionalised role. The stakes had been raised, through the public attention promoted by the Commission and by involving themselves in the process. Failure would harm the credibility of both sides, no matter who was to blame. It has thus been suggested that the process acquired an institutional dynamics of its own, where loyalties shifted to the common European project, and there were growing consensus among the central actors that an agreement had to be reached (Strøby Jensen 1995: 305).<sup>140</sup> Accordingly, the members of the Ad Hoc Group exploited the expected changes emerging in this European institutional context to convince their reluctant national constituencies of the need to adjust organisational strategies.

Nor should we underestimate the importance assigned to the process by its association with the IGC (in an atmosphere still marked by "Euro-optimism") and the personal feeling of being part of a mission with the potential to influence a historical instance of European construction. As suggested by one of my sources, "perhaps some of them wanted their names in a book"<sup>141</sup> Honour and pride can be forceful motives, especially for actors in organisations that had long suffered from a lack of attention from both the public and their affiliates. The desire of the Secretariats to bolster their own credibility, prove their capacity to achieve something, attain new functions, and thus strengthen their power towards their affiliates – these are important ingredients of the motivation structure of Brussels-based actors in European organisations. The prestige and resources of their institutions and the meaning of their personal tasks and careers depend on having the structures they operate in filled with real and concrete action. Typically, the general secretary of the CEEP emphasised the importance of getting a place at the table, as that served to increase their attractiveness to potential new members.<sup>142</sup> A similar interpretation was forwarded by a central German union source, "the ETUC needed some kind of success to prove that they could accomplish something."<sup>143</sup> The institutional strengthening of the ETUC and the adoption of the strongly integrationist policy platform at the 1991 Congress probably encouraged the new leadership to prove its ability to deliver the goods.

Consequently, the long-standing efforts to constitute a viable social dialogue at European level, and the “now or never” ultimatum facing the actors, suggest that both sides perceived a mutual interest in avoiding failure and achieve treaty recognition. A Maastricht settlement without any formalisation of agreements between the labour market parties as a form of regulation at European level might well have meant that the parties would lose their “actor status” and risk being relegated to the sideline role of observers for a lengthy period (Strøby Jensen et al. 1992: 3).

Accordingly, the process leading to the 31 October agreement supports the view that steps towards the creation of a European level of industrial relations have been triggered more by political–institutional “pull-factors” from above, than by organisational “push-forces” from below (Turner 1995).<sup>144</sup> Contrary to what happened at the national level, the construction of institutions seems to move ahead of and even serve as a precondition for bottom–up organisational integration. An open question, however, was whether such institutions would remain hollow shelves, or would unleash new dynamics, enhancing a more profound Europeanisation of the organisations involved.

#### **8.4.5 From the 31 October Agreement to the Maastricht Social Protocol**

The interaction between supranational and national dynamics in shaping European institutions is further underscored if we consider the constellation of member-state interests which facilitated MSA acceptance. According to an intergovernmental interpretation, “grand bargains” over Community institutional reform are determined by member-states’ rational pursuit of national interests (Moravcsik 1991, 1993). Viewed from such a perspective the MSP was puzzling: First, why did the British government reject the diluted Lubbers compromise that was offered? Second, why did the other governments return to the more far-reaching proposal after the British had “opted-out”? And, why at all did they agree to a “Euro-corporatist” mode of regulation?

To start with the latter, a plausible interpretation is that many governments, familiar with the UNICE strategy of pre-empting legislation, did not really expect much from the “corporatist” side. Transfer of responsibility for social policy to the social partners could even free the Council of some of its problems. For other governments, however, like the French and the German, the idea of European social partnership seemed politically attractive and a means to bolster domestic political accept for further integration.

The British “opt-out” was evidently motivated by domestic and party-internal reasons, illustrating “how the long-term institutional consequences of the Protocol should be seen as by-products of an agreement made to meet various short term domestic objectives (and not) some long-sighted views of sovereignty” (Pierson 1995: 31).

More puzzling is the question why Britain was the only member-state to oppose a strengthening of the Community’s power in social policy. This issue has been addressed in an article by Peter Lange (1993). Assuming that a stronger Community social policy was likely to raise production costs and erode competitiveness in the poorest member-states, Lange asks why

they acted in contradiction to their presumed self-interest: Why didn't they reject a transfer of national sovereignty which could be detrimental to national growth and employment? Contrary to the view of UNICE (Tyszkiewicz 1992) and ETUC actors, Lange rejects the interpretation that these governments accepted the deal in response to strong national pressures from trade unions and the left, or for immediate electoral reasons. Also rejecting the hypothesis that these governments acted in accordance with some long-term development strategy.<sup>145</sup> Lange contends that the most likely explanation is that it was a wider package deal that enabled the concessions of the poorer countries on social policy. The poor countries achieved considerable "side payments" in terms of increased structural funds (doubled by the subsequent Delors II package) as well as the establishment of a new "cohesion fund" for environmental and infrastructural development, targeted solely at the four poorest countries (Lange 1993: 22). This was, according to Lange, a demand which Spain had set as a condition for accepting the entire Maastricht set of reforms and, above all, EMU, which would impose painful economic and political adjustments on the poorer countries (*ibid.*: 24). In this context, Lange suggests that a stronger social policy was part of the intergovernmental bargain which the poorer countries had to accept in return for the symbolic "victory" of increased regional transfers. Accordingly, the Maastricht institutional reform of EU social policy was not likely to cause any real breakthrough, because of the lack of political will behind the reform. It was "not a spill-over in the classical sense (...). It was, instead a by-product that could be accepted by short-term losers, and paid for by short-term winners, in the context of far more valued goals – maintaining momentum on the entire integration process and establishing the conditions and timetable for EMU" (*ibid.*: 27).

This interpretation might well be true<sup>146</sup> but does not provide any answer to the question why the "richer" countries chose to stick with the more radical social chapter alternative even after the British defected. When the anticipated competitive benefits for the high-cost countries, in particular Germany, became pre-empted by the British "opt-out", the outcome seemed less attractive for the "winners" and even worse for the "losers" in economic terms.<sup>147</sup> Such an interpretation is supported by the attempt of the Dutch Presidency after Maastricht to dilute the agreed compromise.

The decision to stay with the stronger version and reject the Lubbers initiative, however, suggests that other concerns counted more than presumed national economic self-interests. In the view of Rhodes (1995: 111) "the sheer quantity of political capital invested in the social chapter excluded either further dilution or abandonment". According to trade union sources, key government actors, in particular Mitterand, Kohl and Gonzales, had actually committed themselves politically towards the trade unions to securing substantial improvements of the social chapter at Maastricht. A less known part of the Maastricht preparations is that a high-ranking ETUC delegation, after the 31 October agreement was signed, engaged in an intensive tour visit to the Heads of Government in all key capitals and had top-level meetings with the leaderships of the European Social Democratic and Christian Democratic parties. Through this process, they were, according to David Lea (TUC), personally assured by the

Social Democratic and Christian Democratic Heads of State that they would stand by their commitment to improving the social chapter, including the 31 October agreement.<sup>148</sup>

Two weeks before the Maastricht Summit, the ETUC threatened a campaign of industrial action if the Community leaders gave in to British pressures and declared that the unions would be prepared to pressure national parliaments to throw out a diluted treaty (*Financial Times* 27.11.91, in Rhodes 1995: 111).

The significance of these initiatives is of course difficult to assess, but they may suggest that, beyond the intergovernmental game of side payments, package deals and trading of national interests, political and institutional commitments to European integration *can* actually make a difference even for state leaders.<sup>149</sup>

#### 8.4.6 Summary and concluding remarks

To sum up, the story which led to the Maastricht Social Protocol has demonstrated the complexity of factors that influence development of Community institutions. Highlighting the complicated configuration of social interests, political powers, strategic behaviour and institutional constraints which shape Community integration in this realm, the constitutional outcome is difficult to reconcile with a simple model of intergovernmental bargaining between sovereignty-focused member-states (Pierson 1995: 32). The eleven member-states acceding to the protocol were not introducing a carefully-designed “instrument”: the hastily cobbled-together agreement was rather a result of decision-making by “flight”, leaving ample room for unanticipated consequences (ibid.: 33).

In my view, the outcome can be understood only by combining perspectives from intergovernmentalism, neo-functionalism and institutionalism with a concept of strategic action by political and social actors in the Commission and in the ETUC, deliberately constructing and taking advantage of the linkage between the intergovernmental conference and the negotiations in the Ad Hoc Group of the social dialogue. Thus, by on the one hand deliberately creating conditions and coalitions favourable to their objectives, while on the other hand exploiting an unforeseen “window of opportunity”, supranational actors managed to reap the benefits of earlier instances of institution-building and political commitments made at Community level. The European arena, hence, appears not just to be a meeting-place for exchange and compromise over given national preferences: it is a context for learning, accommodation and formation of preferences, resulting from the search for new solutions to unanticipated problems generated by previous sequences of integration. The strategic efforts of the Commission and the ETUC, furthermore, reflected deliberate political responses to the process of market-making and anticipated deepening of monetary and economic policy integration, and this in turn suggests that a politically constructed “spillover” from other areas of integration to the social policy field took place.<sup>150</sup>

The analysis has emphasised the dialectical relationship between supranationalisation and promotion of national interests. Among national employers and union participants alike, an important objective of the 31 October agreement was to improve their ability to control



developments in Community social policy and to prevent unwanted legal intrusion in national systems. Hence, the creation of new European structures does not necessarily increase supranational powers to the detriment of national interests (Moravcsik 1993). European institutions may be created by the consent of national forces, precisely with the aim of blocking further supranationalisation (as was the intention of many UNICE actors). For such reasons, the outcomes of European compromises tend to be more open than often perceived.

Therefore, the longer-term effects of the institutions established at Maastricht cannot be derived from the ambiguous constellation of interests which created them. The possible transformation from "paper" to "living institutions" (Olsen 1995b) will depend on how conflicting social and political forces interpret, reorganise and mobilise in order to exploit the new structures. That is, typical discussions over who won/who lost – unions or employers, European or national interests – tend to run into a "structuralist fallacy", reifying institutions as determinate givens. Institutional compromises are ambiguous, and the framework provided by the 31 October agreement and the MSP reshaped the conditions of action in a way which might – or might not – stimulate new dynamics. The most interesting question is not who trapped whom, but how such indeterminate instances of institutional change might stimulate organisational reorientation, learning and adjustment in order to promote or preempt further change. Irrespective of the beauty of their birth, however, institutions tend to be used, sooner or later, often in unforeseen ways, since they "invariably outlive the constellation of interests that created them" (Garret and Lange 1994, in Pierson 1995: 5).

## **8.5 Implications of the Maastricht Social Protocol – "Euro-pessimistic" versus "Euro-optimistic" interpretations**

### **8.5.1 Watershed or defeat of the social dimension?**

The Maastricht social compromise was by many actors seen as a potential historical turning point of Community social policy (Guery 1992, Bercusson 1992a), but great uncertainty soon arose with respect to its possible implications. Besides diverging views on the general implications of the Maastricht TEU, this reflected (1) significant legal–technical problems of interpretation caused by the textual ambiguities of the Maastricht Social Agreement (MSA); (2) uncertainty about the political will of the member-states to exploit the MSA and impose political pressure on the parties, given the British "opt-out"; and (3) doubts about the motives, interests and capability of the social partners to make use of the new opportunities provided them. This gave rise to diverse interpretations of the possible impact of the MSA in the Maastricht aftermath. In general two ideal-typical interpretations emerged:

- (1) The "*Euro-pessimist*" version saw the Maastricht social policy compromise as yet

another instance of “symbolic politics” and “cheap talk”, confirmed by the consolidation of nation-state primacy, the subsidiarity principle and the modest extension of Community powers. Altogether the MSA was seen as a “fairly benign and uncontroversial tidying-up experience”, suggesting continuity rather than any turning point in EC social policy (Teague 1993: 165). The absence of a real “inter-governmental bargain”, aggravated by the British “opt-out”, and the adoption of a “two-speed” social policy, was predicted to sap the momentum of the legislative process and accentuate the structural impediments to collective bargaining caused by employer resistance and the weakness of European trade unions. According to Streeck, “-there can be little doubt that the battle for a European Community social policy has once more been lost” (Streeck 1993:12). Considering the MSA as a political “Leerformel” (Keller 1996), the social dimension was thus envisaged to remain a marginal appendix to the core project of European market-making and monetary integration (Lange 1993, Streeck 1993, 1994).

(2) More “Euro-optimistic” analysts emphasised that the extension of Community competences and of qualified majority voting – abolishing the national veto that persistently had blocked development of EC social policy – would open new opportunities and alter the balance of power in favour of the social dimension-coalition. This was expected to speed up the production of Community legislation and provide incentives and momentum for the development of European negotiations and industrial relations.<sup>151</sup> As policy-formation in multi-tiered systems of social policy was a fairly new experience, “the learning process of coalition-building among member-states in the social sphere is supposed to develop further under the Maastricht Social Agreement” (Goetschy 1994: 480). Moreover, the “negotiate or we will legislate”-formula, embedded in the MSA, was expected to bolster Community capacity to exert public pressure on employers and encourage trade unions to build up political and organisational resources at the European level.

In the following, I, first, briefly refer some of the legal–technical questions raised in section 8.5.2; then, I present the main arguments which were used as underpinning of the two lines of interpretation/prediction to emerge in sections 8.5.3–4. This will serve as a frame of reference for the assessment of what actually happened, to be taken up in the subsequent chapters.

### **8.5.2 The problem of legal ambiguity and political interpretation**

Granting the European social partners a privileged right to influence, postpone and design proposals for European social legislation, the corporatist thrust of the MSA naturally sparked off a debate about its democratic legitimacy and practical feasibility. – Which organisations could be defined as European social partners? Did it actually exist representative European organisations? Could the Community legislator legitimately allow itself to be bound by inputs from civil organisations? Would not the proposed procedures pre-empt the democratic right of hearing and consultation of the European Parliament? (Weiss 1992a: 13)

On the legislative side, the textual ambiguity of the Social Protocol prompted a series of questions. First, the constitutional status of the MSA was cast in doubt by suggestions that it

was to be considered as an intergovernmental agreement between eleven states and not a part of Community "acquis" (Vogel-Polsky 1992).<sup>152</sup> Second, what did the emphasis on subsidiarity actually mean in terms of defining Community competences towards the member-states? Third, how could a feasible line of demarcation be drawn between issues subject to qualified majority voting – such as the fuzzy concept of "working conditions" – and other issues subject to unanimity voting? Fourth, what did it mean that Community legislation should not harm competitiveness – how was competitiveness to be calculated? (Weiss, in *Fondation: Europé et Société*, 1992: 8). Fifth, how should possible inconsistencies between legislation based on the two different treaty bases be resolved (Tyszkiewicz 1992: 10)?

Concerning European negotiations, a number of legal questions emerged. The MSA in principle envisaged three types of European negotiations: First, independent collective bargaining on any issue, also outside the competences of the Community, decided by the parties themselves. In the absence of Community collective labour law this would, if it ever came to practice, accentuate questions as to such agreements' legal status, mode of implementation, coverage, compliance, sanctions and dispute resolution (Weiss 1992a: 12). According to Guery (1992) the binding force of such agreements would presumably have to derive from the provisions established at national level for this purpose, since the signatory European parties would have at most a moral obligation to insist on their implementation by their members. Second, the MSA envisaged national negotiations as a way of implementing Community legislation, accentuating questions as to the required representativity and coverage of the negotiating parties and the responsibilities of the member-states for ensuring enforcement.

Third, and most importantly, the MSA opened the way for European negotiations which might either replace or become Community legislation if they fell within the area of Community competence. The provisions of the MSA that Community competences "shall not apply to pay, the right of association, the right of strike or the right to impose lock-out" – supposed to belong to national prerogatives – substantially delimited the area for and likelihood of Euro-agreements. From the MSA text it was, further, far from clear what was meant by "agreements concluded at the Community level" (Bercusson 1992b: 22, Langlois 1992: 14–15). Did this apply only to interprofessional agreements, covering organisations from all member-states, or could also transnational agreements covering specific sectors, branches or companies be included? (Weiss 1992a: 11)

If the parties would ever come to a European agreement, two distinct routes of implementation were envisaged: (a) "agreements (...) shall be implemented either in accordance with the procedures and practices specific to management and labour and the Member States", presumably "by collective bargaining according to the rules of the Member State"; or (b) by a Council decision, transforming the agreement into Community law. The former route would, in view of the absence of European collective labour law and the diversity of national industrial relations, actualise all the difficulties associated with independent European agreements indicated above, suggesting tremendous problems of implementation and compliance (Keller 1995a).<sup>153</sup>

In practice, the most feasible route appeared to be the legislative one, according to which the Council by decision could transform a European agreement into Community law. Not that this route was unproblematic, however. For example, owing to deviating wording of the MSA text in different languages, there was uncertainty as to whether a Council decision meant either a “decision” according to article 189 of the treaty, a “regulation” (Weiss 1992a: 12), or could take the form of a “directive” – each of which would have very different implications for national labour law (Bercusson 1992b: 27). If the regulatory instrument could be a “directive”, one could imagine implementation through national agreements, whereas a Council “decision” would be directly binding on those to whom it was addressed. During 1992–93 conflicting interpretations of this single issue caused considerable confusion and controversy both in the public and in trade union discussions. Sources in the DG V conceded that the Commission’s legal services actually had been unable to reach a proper juridical conclusion.<sup>154</sup> The issue was of course of a political nature; eventually a consensus appeared to develop, indicating that the legal instrument would be a “decision” in line with article 189 (Hepple 1993: 158, Com(93)600).<sup>155</sup>

The possible implementation of a European agreement by Council decision actualised, first, the question of which kind of agreements could be subject to this procedure – only interprofessional agreements, or could even sectoral, companywide or other kinds of agreements be imagined?<sup>156</sup> Related to this was, second, whether the purpose of a Council decision was to ensure general applicability (*erga omnes*) or mainly to ensure that the agreement attained legally binding force? Third, which status would regulations deriving from such a decision attain in the various national systems of labour law, and what would be the appropriate mechanisms for handling breaches and dispute resolution? Would for example the European Court of Justice be competent to handle such cases? (Weiss 1992a: 12) Fourth, what about the duration and the conditions for re-negotiations of European agreements? Fifth, what could be the outcome in case of conflict between a European agreement and a legally binding national agreement? Sixth, how could proper implementation be ensured if agreements should come to include British and EFTA organisations not covered by the MSA.<sup>157</sup>

Another issue of controversy was that the Maastricht conference, when wording the MSA, had deleted a minor but seemingly essential formulation in the 31 October agreement: that, if requested, implementation of an agreement could be done by a Council decision on a proposal from the Commission “*with regard to the agreement as concluded*”. According to a summary “Report by the Ad Hoc Working Party” (4.3.1992), the deletion of the phrase in italics gave rise to a “serious problem”. The social partners therefore “discussed the possibility of including in all such agreements a clause whereby, in the event of any change, the agreement would automatically be terminated by the signatory parties”. This controversy reflected discussions in the aftermath of the Maastricht Summit over whether the competence of the Commission and the Council was restricted to proposing and adopting an agreement or not, or whether it could also amend a possible agreement. The former interpretation could be

seen as an illegitimate limitation of the legislator's autonomy, while the latter would ruin the social partners' autonomy and the credibility of the new arrangements. The only politically viable solution was, of course, that the Council accepted (or rejected) to enact an agreement by the parties (Langlois 1992). This controversy illustrated the kind of difficulties which could arise when a political compromise became subject to legalistic interpretations, but it also underscored the ambiguity and uncertainty attendant on the concept of "negotiated legislation" ingrained in the MSA but so alien to the political and industrial systems in many member-states.

The whole series of questions referred above mirrored the ambiguities of the Maastricht social policy compromise: "Virtually every detail of the new procedure has been left unclear" (Weiss 1992a: 11), according to Weiss, "leaving the feeling that labour and management did not quite realize what they were doing or where they were going" (Fondation: Europé et Société 1992a: 8). Similarly, Tiziano Treu (now Italian Minister of Labour) expressed that "it is difficult imagine having to organise a system of Community-level negotiations. It is a Utopia when you think of the scale of national differences" (ibid.: 13). The fundamental challenge evidently was how to connect Community and national level agreements in a feasible way, reflecting the dilemma of how to reconcile the requirements of efficiency and diversity (Lyon-Caen, in ibid.: 13).

In the aftermath of Maastricht these unresolved questions left ample room for strategic attempts at redefining, reinforcing and undermining the legitimacy and the significance of the arrangement – prompting a veritable "interpretation battle" (Weiss 1992a: 3). However, the MSA was "a political compromise to a political crisis: in the face of such forces, the law is largely impotent" (Barnard 1992: 15). This indicated that the impact of the MSA would hinge not so much on its legal deficiencies as on the political will and ability of the social actors to make use of the new institutional framework.

### 8.5.3 The contested subsidiarity principle

The MSA reinforced the emphasis of the Social Charter on subsidiarity, which was the price to be paid in return for recognition of increased Community powers (Langlois 1992: 6). The meaning of subsidiarity was, however, far from clear, and its implementation would necessarily be subject to contested political interpretation.<sup>158</sup> Subsidiarity applies only in areas where the Community and member-states have joint competences – as in social policy, where the Community, according to the MSA, shall "supplement and complement" member-state policy by adopting minimum standards.

According to the "Catholic social doctrine", which has influenced key actors of Community social policy, state-level action with regard to social protection shall be pursued only when lower-level social institutions are weak or incapable of providing necessary support (Teague 1993: 166). Action by a higher-level authority is thus a policy of last resort, but all tiers of government have the right and obligation to make social intervention when appropriate (ibid.: 166). This "positive" approach is different from the widespread "negative" notion of subsidi-

arity that merely implies curtailing of state-level or higher level authority action, that is, in the Community context a protection of nation-states against Community intervention. Rather than establishing “exclusive” competences, application of the Catholic subsidiarity principle in the social policy field would imply searching for co-operation, interdependence and complementarity of action taken at the Community and the nation-state level (Bercusson 1992b: 13). In this sense, the subsidiarity principle could be understood as a means for constructing a more workable balance among different levels of government, aimed at creating a new symbiosis between various institutional tiers (Teague 1993: 166). Such an approach would imply stronger emphasis on positive co-ordination, as underscored in the Social Charter, and would rule out a centralised or harmonising EC labour market policy.

As argued by Langlois (1992: 6–7) and Bercusson (1992b: 10–14), however, the TEU concept that the Community should act only if objectives of proposed action could not be “sufficiently achieved” by the member-states, and therefore by reason of “the scale or effects” of proposed action could be “better achieved by the Community”, did not provide any operational guideline for when Community intervention in social policy matters was justified. Due to economic interdependency and competition, any national labour policy measure will in principle be conditioned by, and have an impact on, policies of other member-states, and will as such have an implicit Community dimension. The subsidiarity principle itself can thus not produce any meaningful legal demarcation between Community and national responsibilities. The distinction will have to be drawn by political struggles over what is appropriate (Due et al. 1991: 94). In this view, the increased emphasis on subsidiarity in the MSA did not as such necessarily represent any new obstacle to extension of Community social policy, but it underpinned the impression that what was emerging was a multi-tiered social policy regime based on shared decision-making and a predominant role for the constituent units (Pierson and Leibfried 1995a: 4).

Accordingly one of the most prominent “Euro-pessimists”, Wolfgang Streeck, argued that the MSA pointed towards reinforcement of a decentralised, voluntarist regulatory regime with a preference for “soft over hard law and private over public order”, ideologically underpinned by a “liberal laissez-faire re-interpretation of the Social Catholic principle of subsidiarity” (Streeck 1994: 171). What was conveniently forgotten was the “right and indeed obligation of the ‘higher level’ of governance under the classical concept of subsidiarity to ensure that the outcomes of self-regulation are compatible with general political objectives and norms of social justice, instead of being merely market outcomes or results of a contingent distribution of power” (ibid.: 171).

#### **8.5.4 Towards supranationalisation of social policy, or entrenchment of nation-state sovereignty?**

Regardless of its legal loopholes the MSA represented significant changes in the institutional framework of Community social policy. In view of one of the “Euro-optimists” at the time, “the instruments are now arguably in place for a fundamental change in European labour law,

both in its substance and in the procedures for its formulation and implementation" (Bercusson 1992a: 177). According to this view, the extension of Community competences and QMV provided new opportunities to overcome institutional obstacles and the veto power which had previously restrained EC social legislation, and held out the prospect that the EC could very quickly broaden its presence in the European labour market. By simultaneously increasing Community political powers and strengthening the role of the social partners, a new dynamic interaction between legislation and negotiations at the European and the national level could be envisaged. In view of the ETUC and the Commission, the political and bargaining powers attributed to European level actors would, it was believed, enhance stronger involvement of national organisations in European social policy as well. Further, improved opportunities for implementing European legislation through national bargaining could enhance linkages between national and European actors. Herewith the MSA was expected to stimulate closer co-ordination and articulation between national regulatory systems of industrial relations and the European level, possibly encouraging the evolution of a more integrated, multi-levelled European system of industrial relations and social policy (Goetschy 1992: 8). In short, both institutional and neo-functional arguments, strengthened by the Maastricht economic-political deepening of integration, indicated that the MSA was likely to unleash new dynamics in Community social policies.

The "Euro-pessimist" view, however, emphasised that the extension of Community legal competences was restricted by several qualifications. The emphasis on subsidiarity and preservation of competitiveness could be exploited to halt legal initiatives; the new legal provisions were focused on individual rights, leaving out crucial collective labour rights, and were delimited to the implementation of the remaining parts of the 1989 Social Charter/Action Programme<sup>159</sup> – all indicating that the MSA represented strong continuity rather than a breaking point in Community social policy (Streeck 1994: 171). Accordingly Streeck argued that (1) since member-states derive part of their legitimacy from social policies, they are unlikely to cede control over these to supranational agencies; (2) since social policy will have to pass through the narrow needle's eye of intergovernmental negotiations it is likely to lose against policies of much higher priority e.g. policies for monetary and economic integration; (3) the controlling position of the Council prolongs the fragmentation along national lines of organised economic interests that might otherwise exert pressure for supranational social policy intervention; and (4) due to the former ability of member-states to hide their true preferences by pursuing "cheap talk" behind the back of Thatcher, the passing of the MSA was unlikely to unleash stronger governmental support of Community social policy (ibid.: 156–8). Referring to the Maastricht compromise's confirmation of the trend towards a "Europe of variable geometries" or a "cafeteria state", it was in the view of Streeck "obvious that such an arrangement, giving member-states the *opportunity of partial exit as an alternative to voice or compromise*, does not improve the capacity of supranational institutions to enlarge their jurisdiction" (Streeck 1993: 15). The pursuit of a separate social policy of eleven member-states would pose a host of constitutional problems, likely to act as a powerful brake on social pol-

icy initiatives, and the British abstention could “not be without effect on the substance of that policy, due to the likely competitive advantages of British firms” (ibid.: 15).

Thus, in this view, the battle for a European Community social policy had once more been lost: “The Maastricht settlement was a, very likely decisive, British victory over the federalist welfare state-building project”, amounting to a “a collapse of the Social Dimension” (Streeck 1993: 14, 18). The hopes of the Delors Commission and the ETUC that market integration would provide momentum for market-correcting social policy were based on a functionalist fallacy: “The Social Dimension was defeated because its supporters lacked political clout.(...) While market integration is now complete, social-political institution-building has hardly even begun, and the liberal–nationalist coalition that dominated the European Community of the Single European Act is as firmly entrenched as ever” (ibid.: 18).

Several more “Euro-optimistic” scholars, however, argued that the “Euro-pessimistic” comparison with previous national welfare-state experiences was inadequate for assessing Community policy. The implicit vision of “supranational, state-engendered social treaties and welfare states” equalled pure idealism, according to Ross (1994: 493–494):

“Whatever the purposes and motives of major EC/EU actors after 1985, this kind of European state-building in the social policy areas was never possible. The ‘major change’ in social policy of the 1980’s and early 1990s has been less a conversion to ‘neo-voluntarism’ than a more energetic attempt on the part of the Commission to make something of the relatively modest possibilities for Community-level social policy activism that existed. The point of departure for any assessment of EC/EU efforts should be to evaluate this effort and not to judge Europe on the basis of a task not undertaken.”

With reference to the diversity of member-states and existence of national welfare states, Majone (1993) suggested that the historical analogy expressed in the idea of a European welfare state emerging as a transnational synthesis was dubious, politically unfeasible and perhaps even undesirable. Similarly, Goetschy argued that the emphasis on member-state sovereignty as the major obstacle tended to ignore that “the great national diversity of social standards and industrial relations systems to explain the difficulty to reach agreement over social issues, is a serious issue” (1994: 479). Although this would not make the task easier, she contended “Social Europe is not bound to remain entangled in inter-governmentalist anomie” (ibid.: 480). Recalling that coalition-building in multi-tiered systems of social policy was a fairly new experience for member-states (and for labour and business associations), the learning of which was expected to speed up under the new Maastricht provisions, Goetschy underscored that “deals struck at European level tend to be subject to different configurations of interest, precisely because they need to be relevant for the national scene and compatible with national industrial relations systems.(...) We here touch upon one of the basic dilemmas of the rule-making process at Community level (...) which lies also at the heart of the difficulties European social partners are presently experiencing either when forming their platform of claims internally or when arbitrating internally about possible outcomes” (Goetschy 1994: 481).



### 8.5.5 Employer veto power, or a step towards European industrial relations?

According to the "Euro-pessimistic" view, the prospects of European negotiations as envisaged in the MSA were unlikely to lead to any change of significance, because of the lack of employer interest and the absence of Community state authority capable of inducing capital to engage in corporatist political exchange.

"There is little either the unions or the Commission can offer employers as an incentive to bargain in good faith, for example on European regulation of untypical employment, or inflict on them as punishment for not doing so (Streeck 1993: 17).

(...) "Intergovernmentalism may keep supranational interest organisations so weak and fragmented that they remain unable to serve as engines of integration. (...) Perhaps more importantly, the same differences of interest that may prevent agreement among European governments on common labour standards are likely also to divide European union movements and impair their capacity to act in unison." (Streeck 1994: 158).

Moreover, it was envisaged that national fault lines inside the European union movement would make "societal demand and political support for integrated social policies potentially thin, uncertain and volatile" (Streeck 1994: 158). Therefore, "in fact, by giving employers formal participation rights regardless of whether they want actively to use them, the new arrangements offers them rich opportunities to obstruct political and institutional development (...)" (ibid.: 169). Rather than creating a growth engine for European social policy, "devolution of public status to the social partners may thus in fact institutionalise the policy deadlock it was invented to overcome" (Streeck 1993: 17):

"Just as the British opt-out demonstrated the unbroken strength of national states, so did the co-decision procedure confirm the veto-power of business, and with it the deregulatory thrust of the mid-1980s integration process" (ibid.: 18).

(...) "National governments also sometimes rely on the threat of direct legislation in case employers, or unions, do not regulate their own affairs voluntarily (...) but this *presupposes the very capacity to legislate that the Community so conspicuously lacks* (italics added) and that the Commission seems to hope corporatism will create for it in the first place." (1994: 170)

The wish that the MSA should stimulate corporatist bargaining, in this view, overlooked the crucial absence "of any meaningful capacity of the Community as a 'would-be-polity' to help the weaker parties in civil society build the political and organisational resources necessary" (Streeck 1994: 172). Given the superior role of the nation-states in Community social policy decision-making, "subsidiarity of this kind amounts to little else than the provision of a veto-right to those whose interest is in non-decision (...); rather than self-governance, all it supports is the voluntarism of the stronger" (ibid.: 172). In short, employers had already decisively won the battle over the social dimension and there seemed to be "little that could in coming years entice European employers to agree under centralised collective bargaining to regulations they have already defeated in the legislative process" (ibid.: 170).

Keller (1995a: 124–131) complemented the pessimistic view of Streeck by referring to the legal-institutional deficits of Community labour relations. The fragmented organisational pattern, especially at the sectoral level, and the lack of European regulation of the right to take

industrial action; peace obligations; settlement of disputes, as well as a proper system of implementation, monitoring and enforcement, implied that “the development of European labour relations will in the future be as absent from the political agenda as a European welfare and social state” (ibid.: 141). Furthermore, given that UNICE’s change of course was motivated by purely strategic considerations, the question for the ETUC was why it should “continue to negotiate with UNICE when legal regulation, which generally is closer to ETUC interests, is probable?” (ibid.: 138)<sup>160</sup> Keller also argued that the current political deficits in the labour sphere were likely to have a long-term impact and that the long period which the slow development of national labour relations required was not available for the project Europe; as suggested by Strøby Jensen et al. (1992: 6): “decisions currently being taken and institutions resulting from such decisions will impose their stamp at the European level of industrial relations for a long time to come”.

The more “Euro-optimistic” scholars acknowledged such obstacles to European negotiations, but they tended, first, to assess the configuration of interests and institutions as being more open to change, coalition-building and incremental development. Second, employers were considered to be more divided and sensitive to political pressures than assumed by the “Euro-pessimistic” interpretation, implying that “business no longer has an effective veto over reform” (Pierson and Leibfried 1995a: 451–52). Third, as argued by Goetschy (1994), the “Euro-pessimistic” interpretation was seen as underestimating the potential impact of the “negotiate or we will legislate”-formula, whereby the MSA provided the Community with capacity to put public pressure on employers (which Streeck claimed was so conspicuously lacking); this could help the weaker parties in civil societies build up political and organisational resources.<sup>161</sup> Fourth, while the “Euro-pessimistic” interpretations tended to compare negotiations envisaged in the MSA with collective wage bargaining at national level, the “Euro-optimists” tended to emphasise the qualitatively different character of what might become European labour relations. Rather than looking for a fully-fledged system of European collective bargaining, they emphasised framework agreements on minimum labour standards, primarily aimed at complementing national regulations by addressing genuinely trans-border issues (Lecher 1991, ETUI 1992). Thus, “as this is still unexplored territory, we reiterate the need for pragmatism and prudence on the part of all negotiating parties” (Guery 1992: 592). According to such an understanding, what we were witnessing was an early constitutional phase of a European regime mainly “directed towards establishing a set of rules for industrial relations in Europe” (Strøby Jensen et al. 1992: 8, 22).

### 8.5.6 Summary

Clearly, the MSA could be read in many ways and gave rise to a range of interpretations. The conflicting predictions of its consequences accentuated the division of views on the causal dynamics of European social policy development.

As we have seen, the “Euro-pessimistic” predictions tended to rely on an intergovernmental conception of Community social policy, emphasising the crucial role of the member-states

in delimiting Community intrusion into one of the remaining cornerstones of nation-state policies (Streeck 1993, Lange 1993). This view was coupled with a conception of Community policies as fundamentally structured towards market-making and enhancement of capitalism, leaving negligible scope for European social policies (Streeck and Schmitter 1992). The seemingly corporatist institutions created at Maastricht would not imply any significant change; on the contrary, the fault-lines of the compromise were rather expected to increase the obstacles to development of EC social policy. The lack of interest and superior power of European business, likely to attain a veto power in EC social policy, combined with the eroding effects on (-national) trade unionism of integration along such a trajectory, effectively ruled out any meaningful development of European industrial relations under the prevailing circumstances.

The more "Euro-optimistic" expectations tended to be influenced by conceptions of (neo) functional requirements, whereby increased economic-political integration would exert growing pressure on trade unions, employers and governments to Europeanise their policies (Strøby Jensen et al. 1992, Goetschy 1992). Aware of the absence of automatic "spillover", on the other hand, the "optimists" emphasised the essential role of supranational institutional dynamics (Pierson 1995, Turner 1993, 1995); strategic choices by the involved actors (Strøby Jensen et al. 1992); and deliberate attempts to mobilise political resources on the part of trade unions and their allies in supranational European agencies (Martin and Ross 1995). Compared to the dismissive stance of the "Euro-pessimists", the "Euro-optimists" seemed to regard the terrain as more open to political change, though within significant structural constraints.

A common assumption, however, was that future developments would be critically dependent on the ability of European trade unions to overcome their organisational deficits and mobilise political pressure on employers and governments. In the "Euro-pessimistic" view, the dominance of EC intergovernmentalism would most likely inhibit any significant trade union integration at the European level. The "Euro-optimistic" view saw European integration as a process where political commitments, learning and unintended consequences of previous institutional arrangements might influence preference-formation and lock social actors into "path-dependent" trajectories; this allowed considerably more latitude for unexpected future dynamics (Pierson 1995, Strøby Jensen et al. 1992, Martin and Ross 1995).

Representing a step into unexplored territory, a range of legal, political and organisational problems would have to be resolved before the possible impact of the MSA could be traced. As noted by Gorges (1993: 25):

"Although institutionalization has encouraged corporatization of the policy-making process, interest groups have remained divided along national, regional, ideological, and sectoral lines; to the extent that they have overcome these divisions they have done so only through compromises fostered by skillful leadership, intra-group bargaining, and learning. The pressure to do so more effectively will increase as a result of Maastricht, but the barriers to more efficient organizations will remain".

An essential question was thus how the MSA actually influenced the perceptions, strategies

and behaviour of the involved political and organisational actors: To what extent were the social partners committed to and capable of using the new institutional framework to transforming their own practices and injecting new dynamism into the struggle over European social policy and industrial relations?

### **Endnotes Part III:**

- 1 See, for example, Goetschy (1991), Rhodes (1992, 1995), Gold (1993), Hall (1994a), Lange (1992), Teague (1989a, b), Teague and Grahl (1992), Streeck and Schmitter (1992), Streeck (1993, 1995a, b) and Cram (1995).
- 2 The notion "regulatory conundrum" is borrowed from Martin Rhodes (1995).
- 3 See, for example, Dølvik (1992, 1993a), Rhodes (1992, 1995), Teague and Grahl (1992), Lange (1992), Streeck (1995a, b), Reder and Ulman (1993) and Sengenberger (1994).
- 4 See, for example, Strøby Jensen et al. (1992, 1995), Boyer (1995), Rhodes (1995), Visser and Ebbinghaus (1992) and Ferner and Hyman eds. (1992).
- 5 The Spaak-report, named after the Belgian foreign minister who chaired the intergovernmental conference preparing the transformation of ECSC into EEC, laid down the foundations of the European Economic Community (Hall 1994a: 287).
- 6 In the SEA (1987), a new article (130A) concerning "economic and social cohesion" was inserted, stating that "in particular the Community shall aim at reducing disparities between the various regions and the backwardness of the least-favoured regions". This paved the way for the 1988 reform of the structural funds and the Delors-I budget package, aimed at counter-balancing negative effects of the single market for backward regions.
- 7 The adoption of directives on collective redundancies (1975), equal pay (1975), business transfers (1977) and business insolvencies (1980) were all based on article 100.
- 8 In an article by Laura Cram (1995), "Rhetoric, Soft Law and Symbolic Politics in the EC Social Policy Process: has the Commission become the Victim of its Own Success?", it is suggested that the Commission has not only been a skilful utiliser of the available legal provisions and loopholes. She argues that the Commission as a "purposeful opportunist" has successfully utilised member-states rhetoric, soft-law and symbolic policies to extend its competences and catalyse collective action, further enhancing the basis for Commission initiatives.
- 9 The British Government eventually lost this case in 1997.
- 10 The directives of the Social Action Programme fell in four categories (Gold 1993: 24): 1) Employment protection: Adoption of Collective redundancies (1975); transfer of undertakings (1977); insolvency (1980). 2) Employee participation in large and/or complex companies became more difficult and were not adopted, for example the draft European Company statute (1970 first time) and the draft Fifth directive on the structure of public limited companies (1972). 3) Equal treatment was more successful and led to adoption of directives on equal pay (1975); equal treatment (access to employment) (1976); equal treatment in state social security (1978), triggering series of court decisions often substantially improving national standards. 4) Health and Safety policies developed steadily and a number of directives were adopted e.g. on electrical equipment, safety signs etc.
- 11 See Leibfried and Pierson (1995b: 334), Hall (1994a: 285-86), Lange (1992: 234) and Gold (1993: 21).
- 12 The deadlock covered among others Commission proposals on part-time work, temporary work, parental leave and leave for family reasons, and recommendations on reduction and reorganisation of working time (Teague 1989a: 59). Stranded did also amended versions of the Fifth directive on participation (1983) and a directive on information and consultation in undertakings with complex structures (the so-called Vredelings-drievoudig from 1980), finally adopted under the Social Protocol in 1993 (European Works Councils). Most of the left-overs from the early 1980's recurred in the Social Action programme of 1989. As is seen in chapter 10, the proposals on parental leave and part-time work recurred under the Social Protocol in 1995-97.
- 13 According to Gobin (1996: 601-610), the key initiators of this development was not primarily president Mitterand, as often referred, but the French Minister of Social Affairs, Pierre Bérégovoy and the Prime minister Pierre Mauroy who during spring 1984 convened informal talks between the European social partners at the Val Duchesse castle in order to establish the ground for a European social dialogue. After the Socialist government was defeated in June 1984, president Mitterand nevertheless succeeded in winning support among the

other governments on the Fontainebleau Summit (25-26 June 1984) not only of moving further along this path, but also in striking a bargain on the main issues that had blocked Community developments, that is, settling what later came to be labelled as the "relaunch" (Gobin 1996: 605).

- 14 See Martin and Ross (1995: 11) and Hall (1994a: 296). In 1988 I had the chance to follow the ETUC December Executive Meeting where the Commissioner of social affairs, Mr. Marin, responsible for the 1988 Commission report, was heavily criticised by the trade unions for its limited ambitions. The ETUC itself had drafted a Social Action Programme containing 15 legally binding measures to be taken at the Community level (ETUC 1988b, Dølvik et al. 1990). The Belgian director general of DG V in the Commission, Jean Degimbe, actively favoured a legal approach (a kind of European Social Constitution), gradually winning support from the French advisor of Delors in social affairs, Patrick Venturini, who initially had favoured a non-binding regime of exemplary norms and aims (Ross 1995b). The emphasis on legislative measures was further strengthened by the appointment of Vassa Papandreou as Commissioner of social affairs in 1989, who in contrast to her predecessor was convinced of the need for substantial social safeguards to accompany the single market (Hall 1994a: 296).
- 15 The impact of Delors' Bournemouth speech on the TUC agenda is interestingly described by the current secretary general of the TUC, John Monks, in a speech to the Finnish trade unions in 1995. See also John Edmonds (Sussex Working Paper No.5 1994), MacShane (1991) and Wendon (1994).
- 16 Moreover, as is elaborated in chapter 6, the Commission stimulated development of trade union institutions, networks and resources at the European level, by granting funding to the European Trade Union Institute (ETUI), a training programme on new technologies (AFETT), the Trade Union Technical Bureau (TUTB) and in 1990 it added support to the European Trade Union College (ETUCO) as well as underwriting considerable costs of trade union organisational arrangements in Brussels and elsewhere.
- 17 See Barnouin (1986: 4-11), Blaise (1992: 17), Gobin (1996: 151-360), Platzer (1991a: 37-50) and ETUI (1991b: 7-10).
- 18 According to Gobin (1996: 164-176), however, the trade union approaches to the ECSC integration were more mixed than reported by Barnouin who did not "noter la présence de très fort pôles d'opposition à la acceptation du projet CECA (ECSC)" (ibid.: 175). For example, in Germany a part of the unions shared the opposition of SPD against ECSC, while the majority support was conditioned on demands that producer interests should be checked by trade union opposition, "thus carrying the mentality of the German co-determination struggle over to the supranational arena" (Haas 1958: 221).
- 19 In response, several joint commissions were set up to investigate ways of harmonising working conditions, possibly by collective bargaining, but due to employer reluctance the main result was only some comparative studies (Gobin 1996: 180).
- 20 As expressed by the Belgian union leader Théo Rasschart (FGTB): "Vous voyez, la CECA, c'était l'immédiat après-guerre et le monde politique avait besoin d'appui, avait besoin de travailleur. On avait peur des travailleurs, l'après-guerre s'est toujours marqué par la peur des pouvoirs publics devant les réactions des travailleurs. Les patrons ne jouaient pas le jeu, les patrons étaient opposés à la CECA, donc les syndicats étaient les alliés naturels des pouvoirs publics à cette époque" (Gobin 1996: 184).
- 21 Barnouin also suggests that Monnet's Committee became an important meeting point for the Socialist and Christian trade unions in Western Europe, contributing to their unification within ETUC some twenty years later (ibid.: 6).
- 22 According to the Belgian trade union leader Théo Rasschaert, who took part in the Val Duchesse negotiations of the Treaty of Rome, the transition from ECSC to the EC implied a significant shift of attitudes among the governments (Gobin 1996: 183-184): The political context had changed; the social climate was less explosive; employers now favoured European integration, and trade union support was less indispensable; the debate was dominated by less union friendly government leaders as de Gaulle and Adenauer; the enthusiasm for European integration had diminished, and the whole process, compared to the ECSC, became less political and more marked by technocratic work of diplomats behind closed doors, according to Rasschaert – "il y avait là un groupe de fonctionnaires qui se réunissaient dans un petit château les faubourgs de Bruxelles, et ils discutent Euratom et Marché commun!" (ibid.: 184).
- 23 From Gobin's writing it seems that these different approaches did not reflect distinct national views but rather reflected different tendencies and views within national union movements. Yet, the Christian unions were presumably more oriented towards the political-idealist side, while for example the Belgian FGTB and the French FO were influenced by the concept of union counter-power (ibid.: 165-167).
- 24 André Renard, FGTB at ICFTU Conference 1954, in (ibid.: 363). As is described in Part IV (cf. chapters 9 and 12), this constellation of interests and attitudes conforms perfectly with recent ETUC controversies. The quoted parts could in fact have been laid in the mouth of the former IG Metall president Steinkühler and the recently died president of FGTB, Francois Janssens.
- 25 For full names, see table 6.2.
- 26 According to Barnouin (ibid.: 9), important factors influencing the new impetus were: the replacement of the

- union-hostile governments of de Gaulle with Pompidou in France and the replacement of Erhart with Brandt in Germany; the implementation of the customs union; the launch of the Economic and Monetary Union; the expected entrance of Denmark, Norway and Great Britain; together with growth of multinational corporations and increasing strength of employers' associations at European level.
- 27 One of the main actors in this process, Kaare Sandegren, general secretary of the EFTA-TUC, who later became international secretary of the Norwegian LO, happened to become one of my key informants and providers of access to the ETUC and Norwegian LO debates when the second major attempt of European trade union integration (and Norwegian entrance into the Community) occurred on the agenda in the early 1990s.
  - 28 The DGB view was that non-EC organisations of the ICFTU should only be admitted associated membership (Barnouin 1986: 15). According to Barnouin, the German view was shared by the French FO and the ECFTU Secretariat, but this view is questioned by Gobin (1996: 527) who, on the basis of archive studies of the ECFTU, could not find any clear indication that this was the case, at least not in the initial stage of the process.
  - 29 Then tension arose between the ETUC and the ICFTU as to their respective roles in supporting unions in the Central and Eastern Europe (Interview with P. Seidenack ETUC, 16.2.1995 and 22.9.1995).
  - 30 The TUC Congress opted for British withdrawal from the Community and boycott of EC institutions (Gobin 1996: 534).
  - 31 Also this issue should reoccur in the early 1990s, related to the question of how to handle the question of European legislation and negotiations under the Maastricht Social Agreement (MSA). Despite the EFTA unions and the British unions were not automatically bound by regulations stemming from the MSA, they would nevertheless be affected either indirectly via the single market or via legislation enacted via the EEA agreement. The issue has, indeed, acquired a new dimension when also Central and Eastern European unions have been affiliated from 1996.
  - 32 At the founding Congress a significant gesture of will to bridge the tension between the German and British unions was demonstrated when the German DGB leader, Heinz Oscar Vetter, surprisingly proposed the British Vic Feather as president of the ETUC (Gobin 1996: 537). This signalled the essential balancing role that the German and British unions should attain within the ETUC.
  - 33 In addition to the general revival of Community integration following from the Hague Summit in 1969, Gobin (1996: 535) suggests that the final compromise leading to the forming of ETUC was influenced by the declarations of the Paris Summit on 19-20 October 1972 to intensify relations with the social partners and convene a social policy conference, urging establishment of a proper European association of unions.
  - 34 The EO-WCL demanded that the ETUC should establish links with the WCL, but the fact that WCL had fraternised with the Communist WFTU within the ILO and that the ICFTU for two decades had tried to absorb the WCL, caused scepticism among ETUC unions, which saw this as an issue for the ICFTU and the WCL.
  - 35 Besides the German DGB, several Christian organisations voted against.
  - 36 The leadership of the FO-CGT, which had been founded after a break-out of the CGT in 1949, perceived the CGT as an extension of the French Communist Party, thus contradicting the principle of a free trade union movement.
  - 37 British and Italian unions were quite positive, while especially the German DGB, Danish LO and French FO were opposed. Despite UGT opposition, CC-OO was finally invited to defend its views in the ETUC Executive Committee in 1981 where a majority supported admission, however, without the required qualified majority (ibid.: 40).
  - 38 The only major national confederations outside the ETUC framework remained the Communist associations in France (CGT), Spain (CC-OO) and Portugal (Intersindical).
  - 39 Despite their ties to the ICFTU, most of the ITSs remained autonomous from the confederation, reflecting the weak co-ordination of sectoral unionism on international level (Visser and Ebbinghaus 1992: 225).
  - 40 This concerned the EURO-FIET, FIDAL and FILDA, EPSC, the Postal Telegraph and Telephone Committee and the European Secretariat of Entertainment Unions (ibid.: 51).
  - 41 On the 1991 Congress this body was upgraded to a Steering Committee assigned to provide closer political supervision of the Secretariat and enhance cohesion of internal interest intermediation.
  - 42 The first secretary general was Théo Rasschaert from FGTB, Belgium, replaced by Mathias Hinterscheid from Luxembourg in 1976 who was replaced by Emilio Gabaglio from CISL, Italy, in 1991.
  - 43 Six permanent committees were organised in the initial phase of the ETUC, covering such areas as collective bargaining, democratisation of the economy, energy policies, women and youth policies (Barnouin 1986: 61).
  - 44 For an overview of national industrial relations traditions in Europe, see, e.g., Ferner and Hyman ed. (1992), Crouch (1993), Visser (1995) and Hyman and Ferner ed. (1997).
  - 45 "La réalisation du marché intérieur: livre blanche de la Commission européenne. Rapport du la réunion ad hoc del la CES du 18 septembre 1985".
  - 46 These included among other things concertation between unions and employers at European level, Community regulation of working conditions, health and safety provisions, working time, social protection

- (and minimum wages and social contributions), democratisation of the economy (information, consultation and participation rights in European companies), and installation of paritary committees at sectoral level (Gobin 1996: 629).
- 47 According to the Italian unionist, Giacomina Cassino (CISL), who for long had been active in ETUC and Community circles, trade unions are basically reactive organisations and the shift towards a more European approach was primarily a response to the external pressures posed by the single market programme (Interview 26.2.1993).
  - 48 At the TUC Congress in 1988 Delors held a speech which has become legendaric in the British trade unions. Actively challenging the policies of the Thatcher government and calling for trade union support of a solidaric Europe, this caused standing ovations. The impact of this speech and the deeper reasons for the TUC turnaround are described among others by J. Monks (1994), Teague and Grahl (1992) and MacShane (1991).
  - 49 See, e.g., Goetschy (1995), Martin and Ross (1995) and Gobin (1996).
  - 50 Interview with the CESI general secretary, Mogens Månsson (7.4.1993).
  - 51 Interview with general secretary of EFCGU, Franco Bisegna (25.1.1993).
  - 52 Fellesforbundet, Norsk Kjemisk Industriarbeiderforbund, Handel og Kontor, NÆATF (renamed FLT), and Arbeidsmannsforbundet.
  - 53 Interview with general secretary of the EMF, Bert Thierron, late February 1990.
  - 54 This feature was emphasised by most of my respondents in the national trade union confederations, especially by Peter Seideneck (DGB, interview 25.2.1993) and Willy Wagenmann (FNV, interview 24.3.1993), but also by representatives of the industry committees (cf. interview with Bert Thierron, EMF, February 1990).
  - 55 Major parts of the infrastructure and finances enabling the running of ETUC activities were in fact provided by Community sources, raising the question whether the ETUC "means of production" and sources of loyalty tended to shift from member organisations to Community institutions (Interview P. Seideneck, DGB, 25.2.1993).
  - 56 In the same way the ETUC was in trade union circles often referred to as a "Scheinfirm", "mailbox" or "fish-story" (Turner 1993: 11, 20).
  - 57 Interview with Peter Seideneck, DGB (25.2.1993). The story about the subsequent events were confirmed through several conversations with ETUC sources and Kaare Sandegren, international secretary of the Norwegian LO, who was involved in the processes leading to change of the ETUC leadership.
  - 58 Similar views were forwarded in interviews with other Italian representatives: Giacomina Cassina CISL (10.3.1993), Ettore Masucci, CGIL (9.3.1993) and Antonio Lettieri, head of International Department, CGIL (5.3.1993).
  - 59 This demonstrated the importance of language and culture in promoting ETUC integration. For the first time a Northern confederation had an international secretary, P. Seideneck, who was fluent in French and Italian and was familiar with the Latin trade union culture (later, he became the personal advisor of E. Gabaglio in ETUC). However, the turn also reflected long-standing German efforts to develop closer relations with Italian unions from the late 1970s.
  - 60 This may appear like digging into stuff of 'boulevard-press' character, but allocation of posts are processes of both real and symbolic importance in trade unions. Since the DGB manoeuvre blocked promotion of an experienced British candidate in the Secretariat, DGB had to change their idea of promoting Johan Stekelenburg (FNV) as new president in favour of Norman Willis (TUC). Thus it was no surprise that the TUC at the 1995 Congress campaigned for ending the Nordic claim on the second vice-president post, however, without success because of resistance from DGB (see chapter 12). Again the German role as buffer between different regional parts of ETUC was illustrated – this time between the former close Nordic and British allies, however.
  - 61 Interview with Giacomina Cassina, CISL (26.2.1993 and 10.3.1993). She also referred to informal co-operation before the Luxembourg Congress between a couple of Southern and Benelux unions (besides the DGB) trying to stage a more profound turn of the ETUC towards supra-nationalism. (As is discussed in chapter 12, however, Cassino eventually came to the view that the steps taken in Luxembourg had been "a bit forced", leading to a subsequent boomerang effect resulting from underestimation of the resistance among other ETUC unions.)
  - 62 The following sequence is based on personal observation at the ETUC 1991 Congress.
  - 63 Speech by the president of UIL, Giorgio Benvenuti, at the ETUC 1991 Congress.
  - 64 In more informal settings the Nordic representatives were more outspoken, emphasising that they had not sufficient trust in the ETUC and feared that the Secretariat would be enabled to act too freely, implying that academic union "Euro-crats" would gain too much influence. Further, it was feared that inclusion of the industry committees would open up for un-co-ordinated national representation and interest articulation owing to unclear mandates and divergent attitudes among the member organisations. All in all, the Nordic representatives were concerned that the national member organisations would loose influence and control (Interview with Lennart Larsson, TCO, at ETUC Congress 14.5.1991)

- 65 Several Nordic delegations thus chose to abstain from voting on a number of issues that were delicate at home, while they were voted down on others.
- 66 This is worth noting both in light of the complicated later discussions on mandate issues and the general problem of ensuring a satisfactory process of interest-intermediation within the working groups. In most of my interviews, national representatives complained about late arrival of badly prepared documents etc., whereas representatives of the Secretariat complained about absenteeism, unpreparedness, frequent change of delegates and a lack of mandating of national representatives in the working groups. Since the envisaged process of informal compromise-building and interest-intermediation in the working groups only evolved partially and to a limited degree was based in former national discussions, controversial debates tended to be repeated and prolonged in the already over-loaded Executive Committee.
- 67 While members of the Secretariat tended to perceive discussions in the standing committees as representative for the views of national affiliates, national leaders in the Executive Committee did not assign these processes much weight when it came to real interest-intermediation.
- 68 Accordingly, the ETUC confederal secretary Peter Coldrick in one of our conversations suggested that the significance of the 1991 Congress was often overestimated and mainly amounted to a formalisation and of realities which had already been underway for long.
- 69 For example, Platzer suggested that the 1991 Congress mainly contributed to stimulating a necessary "Gewerkschafts-integration von oben – also die kommunikative und organisatorische Zusammenführung der nationalen Kräfte im Bereich der gewerkschaftlichen Führungsebenen und der hauptamtlichen Apparate", whereas it remained an open question whether the strengthening of resources and decision-making was sufficient also "Gewerkschafts-integration von unten voranzutreiben" (Platzer 1991b: 699).
- 70 See also Kohler-Koch (1996), Greenwood et al. (1992) and Marks and McAdam (1996).
- 71 See Dølvik (1992, 1993a), Lange (1992), Rhodes (1992) and Sadowski and Timmesfeld (1994).
- 72 Recall that for example in Germany and the UK, a mandating of ETUC to pursue peak negotiations at European level would by necessity require a certain bolstering of confederal authority, while development of European negotiations on the sectoral level might erode loyalty to national peak concertation in countries with strong centralised bargaining structures.
- 73 See, for example, Dunlop (1958), Clegg (1976), Sisson (1987), Fulcher (1988), Poole (1986), Lanzalaco and Schmitter (1992), Crouch (1993a), Due et al. (1994), Hyman (1995b) and Traxler (1995, 1996a, b).
- 74 FEBIs – Federations of European Business and Industry Organisations.
- 75 The associations in the banking sector were the Banking Federation of the EC (BFEC), the European Insurance Committee (CEA) and the Association of Co-operative Savings and Credit Institutions (ibid.: 180), while the main organisations in the commerce sectors were the confederation Européenne de Commerce du détail (CECD), the European Wholesale and International Trade Association (FEWITA) and the International Federation of Small and Medium-Sized Commercial Enterprises (FIMPEC).
- 76 Besides UEAPME, one finds here the European Committee for Small and Medium-Sized Enterprises (EUROPME), the European Union (EMSU) and the European Association of the Middle Classes (AECM).
- 77 Interview with general secretary of CEEP, Werner Ellerkmann (18.5.1993).
- 78 According to the interview with Ellerkmann, however, the follow up had been negligible.
- 79 Interview with the UNICE director of social affairs, Bernard Arnold (1.4.1992).
- 80 See, e.g., Tyszkiewicz (1990), Lanzalaco and Schmitter (1992), Lanzalaco (1992), Collier (1993), Traxler and Schmitter (1994), Strøby Jensen (1995) and Strøby Jensen et al. (1997).
- 81 In scholarly discourse, however, this claim has been considered to be more of a tactical than real character, as the employers' side, compared to the trade union side, is considered to benefit significantly from the superior resources and infrastructure of the member companies and associations, see e.g. Knudsen (1997), Streeck (1990), van Warden (1990).
- 82 Bundesverband der Deutschen Industri (BDI) and Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA). None of these hold a mandate to pursue collective bargaining, however, which in Germany is conducted by the industry employers' federations, with Gesamtmetall as the pace-setting actor.
- 83 The role of multinational companies both in national peak associations and in UNICE should come to attain increased attention in the following years. According to the director general of the Federation of Employers in Belgium (FEB), Wilfried Beirnaert, the balance between national peak associations and multinationals have caused growing tension in UNICE in recent years, leading to fear that the role of national peak associations will decline further both in UNICE and nationally (interview 17.2.1995).
- 84 This section is, besides the briefly referred literature, based on a number of interviews with the UNICE directors of social affairs, Bernard Arnold (1.4.1992, 23.9.1992) and Renate Hornung-Draus (5.3.1993), and interviews with some of the representatives of its national affiliates, notably the directors of the permanent delegations of the employers' confederations of Denmark (DA), Nils Trampe (16.12.1992, 22.1.1993); of BDA Germany, Prinsessin zu Schoenaich-Carolath; of IBEF Ireland, Peter Brennan; of SAF Sweden, Stellan Artin



- (19.3.1993), of NHO Norway, Knut H. Sørlie, in addition to interviews with Wilfried Beirnaert FEB Belgium (15.4.1993, 17.2.1995); Deborah France, CBI (19.4.1993) and several interviews with the Norwegian (NHO) director of social affairs, Vidar Lindefjeld.
- 85 These underscored among other things the requirement of a clearly documented need; safeguarding of enterprise efficiency, competitiveness and the situation of small and medium-sized enterprises; non-compromising of national systems of human relations; that new rights must be balanced by new responsibilities; and that regulations must be fixed at a minimum level in order not to disadvantage the members of the less prosperous countries (UNICE Memorandum 1989).
- 86 A list of Joint Opinions reached in the social dialogue is found in appendix 3.
- 87 In Rhodes' view, it had "arguably already become such a springboard. First, it has allowed the social partners to appreciate the diversity of national positions and seek areas of convergence and to become aware of their organizational deficiencies, especially the need for a wider mandate. (...) Second, even the limited success of the dialogue has proven its potential as more formal forum for negotiation and debate: as part of an emerging policy network involving the Commission, sectoral working groups, advisory groups, and lobbyists, the dialogue has influenced opinion on key issues (...)" (ibid.: 107).
- 88 The ECSC Treaty expires in year 2002, raising interesting questions about the maintenance of these practices.
- 89 Such JCs were set up in agriculture (1963), road transport (1965), transport by inland waterway (1967), sea fishing (1968) and rail transport (1971) (EIRR 224/1992).
- 90 The legal implications would be very different if the agreement constituted only an inter-governmental treaty governed by public international law and not European Community law. See Vogel-Polsky (1992); Barnard (1992), Hepple (1992, 1993), Weiss (1992a) and Bercusson (1992a, b).
- 91 This would potentially also affect the EFTA countries which through the EEA agreement (including the UK) had agreed to incorporate Community social legislation in conformity with the SEA. Thus, the rights and duties of the EFTA countries and their organisations became a controversial issue. Should for example EFTA organisations be allowed to take part in negotiations sponsored by the Commission, possibly resulting in EU legislation which, in principle, the EFTA countries were not obliged to comply with? (Dølvik 1993a: 28).
- 92 For a general discussion of the importance of member-state divisions, issue-coupling and packaging of policies, see Pierson and Leibfried (1995a, b).
- 93 Although the Commission is no unitary actor, I will frequently use this concept to denoting actors who were representing the Commission, in practice coming from the DG V and the inner circles of the Delors cabinet (Ross 1995b: 102).
- 94 An alternative interpretation would be that this demonstrated the influence of ETUC on the process. However, all my sources tend to confirm that it was the Commission that orchestrated the process, even though this does not preclude that the new approach was worked out jointly within the networks of trade-union friendly Commission actors and ETUC actors who were well integrated in these circles. Rather than speculating on who influenced whom, we should note that the most striking feature of this process is the degree of "symbiosis", interdependence and shared conceptions between the Commission and the ETUC.
- 95 The need for subsidiarity and diversity was emphasised with reference to current trends in working life in the Community: "the ways social regulation is achieved within member-states vary considerably across the Community, with different balances between a legislative approach and/or a contractual approach (...). Such diversity can't be neglected, as it reflects specific tradition and culture". Following up the question about possible European agreements, several other questions were put forward in an open, inviting form: "If the social partners agree together on 'something' (a 'framework agreement', a 'code of good conduct/good practices'...) then what? Should the Community intervene? Is it necessary to 'legitimize' – politically or legally – this agreement or code, and if yes, how and through which procedure? (...) Should such an agreement, if any, be a precondition or not for further legislative progress at Community level?" (Social Dialogue – the Role of the Social Partners, DG V).
- 96 The Social Dimension and the Development of Human Resources" (SEC(91)500).
- 97 According to the document (SEC(91)500), the "modernisation of the legal framework" was inspired by the Community Charter and "the results of the social dialogue, chiefly in the form of joint opinions on the introduction of new technology, the organization of work and the adaptability of the labour market". Reiterating the need to respect "constructive diversity" and "refrain from impairing the competitiveness of firms and to safeguard flexibility", the dual subsidiarity principle was outlined, emphasising that "the two sides of industry must be given the widest possible room for manoeuvre and precedence must be given to settlement by collective agreement". It was further suggested that the national social partners might be entrusted the task of achieving the objectives of a binding instrument adopted by the Council, and that certain objectives of the treaty might be attained via framework agreements drawn up directly at European level.
- 98 The French, Belgian, Italian, Dutch, Greek and Danish governments were reported to support the Commission proposal, the Germans were reluctant, while the Spanish favoured a more pragmatic step-by-

- step movement, possibly because the South did not want Northern labour market and social policy standards imposed before they had caught up economically. As will be discussed later, however, the Spanish view might have been a bargaining position, preparing demands for increased regional transfers on a later stage (Lange 1993: 8).
- 99 ETUC Statement on the proposal of Treaty Reform by the Luxembourg Presidency (26.4.1991).
  - 100 As a follow up, the Ad Hoc Group sent a joint letter to the president-in-office 14 May 1991, expressing the hope that any contributions it might wish to make towards reform of the treaty would be taken into consideration (DG V, "1985-1992: 8 Years of Intersectoral Social Dialogue at Community Level" presented at an ETUC Conference in Athens, on 9-11 November 1992).
  - 101 Interviews with Nils Trampe (director of the DA office in Brussels) (22.1.1993). According to interview with Jean Degimbe, DG V (3.6.1993), who had been chairing the social dialogue meetings and the work of the Ad Hoc Group, the employers' associations from Italy, France, Belgium, the Netherlands and Spain were the main proponents of the UNICE reorientation, while the British, German, Greek and Portuguese were the most reluctant. Scandinavian employer sources, however, have emphasised that representatives of the Danish employers, but also the Swedes, were active in facilitating the policy change.
  - 102 Draft text based on the Social Dialogue Ad Hoc Group meeting 29.4.1991, undated document, DG V.
  - 103 This point, as discussed later, evidently hinted at a crucial joint motivation of the parties, notably the desire to legitimate their role as (the only) recognised representatives of labour and business at European level. A suggested definition was referred, which did not occur in the October 31 agreement or the MSP, but which recurred in a Commission Communication from 1993, spelling out the working procedures to be followed when implementing the MSA.
  - 104 Interview with Willy Wagenmann, FNV, who participated in the Ad Hoc Group negotiations (25.6.1995).
  - 105 After the agreement on part time work was signed in June 1997, forces in LO Sweden has voiced a related idea, namely to negotiate a kind of Basic Agreement at European level, meant to institutionalise procedures for the conduct, notification and dispute management related to European agreements.
  - 106 Delors, speech at the ETUC VIIth Statutory Congress, 14 May 1991.
  - 107 The information on the proceedings in this section is based on an ETUC document sent to the affiliates 18.7.91, summarising the status and progress of the Ad Hoc Group work so far.
  - 108 The letter further emphasised the importance of the subsidiarity principle and concluded that "UNICE therefore welcomes a further strengthening of the Social Dialogue, which could also include its competence to agree and recommend the broad objectives of policy at European level, within a framework which clearly guarantees: a) the autonomy of the Social Partners; b) their freedom to determine the pace, content and nature of their negotiations; c) the equality of their rights and of their ability to influence the outcome of such negotiations" (UNICE 17.6.1991).
  - 109 At a certain stage, the key UNICE figure, Zygmunt Tyszkiewicz, who was considered to be leaning too much towards British CBI positions, was forced to leave the negotiations. Hence, according to one participant, the key actors were the UNICE director of social affairs, Bernard Arnold, and the general secretary of ETUC Emilio Gabaglio and his deputy Jean Lapeyre, with Jean Degimbe from DG V as chief mediator and text writer.
  - 110 Interview with Jean Degimbe, DG V (3.6.1993) and Nils Trampe, DA (22.1.1993).
  - 111 Interview with Deborah France, CBI (19.4.1993).
  - 112 Interview with Degimbe (3.6.1993).
  - 113 According to Degimbe, drafted in a 45 minutes break.
  - 114 As a representative of the ETUC put it: "We seized power during the discussion, not during the eight months of negotiation, but there, the 31 October, we took the power in the Secretariat, by signing" (Strøby Jensen 1995: 299).
  - 115 According to Carlos Savoini, the successor of Jean Degimbe as head of the Unit for Social Dialogue and Industrial Relations in DG V, the offering of this watered-down proposal had been tested out in a meeting between the EC president, Lubbers, Savoini and trade union representatives in Amsterdam 5-6 December 1991, where the ETUC held an Executive Committee meeting. Consent was reportedly achieved from the ETUC general secretary Gabaglio. During the critical phase of the Maastricht negotiations, continuous contact was, according to Savoini, held between Delors, Gabaglio and the key foreign ministers who were in favour of a stronger social chapter. (Interview with C. Savoini, 3.10.1996).
  - 116 Interview with C. Savoini (3.10.1996).
  - 117 According to Savoini, the final discussions were marked by considerable confusion about which text actually served as the basis for the final compromise – which actually was never really thoroughly discussed – but it seems that it was wrapped together on the basis of the 31 October agreement and parts of the initial Luxembourg draft (Interview 3.10.1996).
  - 118 Most observers tend to assess this as a principal fault of John Major, sacrificing a profoundly diluted compromise for short-term symbolic victories at home (Interview with Degimbe 3.6.93). As pointed out by Pierson

- (1995: 32-33), the potential long-term threat to British sovereignty in social policy caused by the MSP by far exceeds the short-run benefits of the "opt-out". Thus, even the conduct of Prime Ministers does not seem to fit with the intergovernmentalist assumption that member-state behaviour is determined by rational calculation of "national interest".
- 119 The proposed amendments inserted a much stronger emphasis on subsidiarity in article 117; a weakening of the Community's responsibility to promote the objectives laid down in article 118 (excluding 'working conditions'); a demand that all legislative measures should be accompanied by a report assessing effects on employment and public budgets; and most important, that directives on issues governed by qualified majority voting which might affect issues governed by unanimous voting should as a whole be subject to unanimity voting (ETUC letter 18.12.1991, Tyszkiewicz 1992: 5).
  - 120 As noted by Falkner (1996a: 10), "the very establishment of the new regime is, in fact, attributable to the major European interests groups' anticipation of significant changes in the EC social policy provisions". Thus, it represents a "prime example of co-evolution of political/administrative structures (...) and interests politics (...)" (ibid.: 7).
  - 121 By this I refer to the accommodating role of a number national employers' confederations and the UNICE Secretariat during the negotiations.
  - 122 In the view of Falkner (1996a: 8) "it may also serve as an example that 'supranationalisation' of interest groups (...) may come as a sort of spillover from increased supra-nationalisation of politics", illustrated by the way UNICE was forced to accept the notion of European negotiations.
  - 123 Interview with Nils Trampe, head of the Brussels Office of the Danish Employer Confederation (DA), from 1994 director of social affairs in UNICE (22.1.1993).
  - 124 Interview with Nils Trampe (DA) (22.1.93). Similarly, the confederal secretary of the ETUC, Peter Coldrick, confirmed that neither the ETUC had ratified the 31 October agreement in the Executive Committee (Interview 17.11.92).
  - 125 Typically, Bo Rønngren, representative of Swedish LO in social dialogue matters and Gudmund Larsson (international secretary of LO Sweden) told me that they did not know about the 31 October agreement before 5 December 1991, when the Swedish employers' representative informed them (Conversation 17.10.1995). Similarly German union sources have informed me that when the 31 October agreement was discussed in the DGB Executive 4.12.1991 just before the Maastricht Summit, key members had not heard about the settlement, infuriating e.g. the IG-Metall representatives who had strong reservations. (Interviews with Joachim Kreimer-de Fries, DGB (25.2.93), Manfred Bobke, assistant general secretary of EMF, the European Metalworker's Federation (20.1.1993)). This does not necessarily imply that the affiliates were not informed at ETUC meetings, but indicates that the spread of information and discussion within national affiliated organisations was limited, to put it mildly.
  - 126 Interview with Nils Trampe (DA 22.1.93), who emphasised the schism between confederal "politicians" and representatives of "companies" within UNICE. While the latter wanted deregulation and decentralisation, it is not implausible to assume that the former might be attracted by the idea of playing a role in European social policy affairs, possibly also extending their portfolio within national associations and politics.
  - 127 This aspect was underscored by the UNICE director of social affairs at the time, Bernard Arnold, who stated that the 31 October agreement was a result of coincidental consent based on divergent objectives (interview 1.4.1992).
  - 128 The emerging doubts reflected the informal way the deal was made, without much indepth strategic discussion and with only a weak anchoring in the national member-organisations, but also the diversity of interests and institutional structures of industrial relations at national level.
  - 129 Interview with Willy Wagenmann FNV (7.12.1995), member of the Ad Hoc Group, and Giacomina Cassina, CISL (10.3.1993). One of the issues much discussed among the union representatives, however, was the setting up of a European "labour court", which was strongly opposed by the German representatives.
  - 130 The sensitive character of EC issues in many unions and the contested nature of mandating the ETUC (and indirectly its peak affiliates) to pursue bargaining, was evidently a reason for the limited feed-back of information from the Ad Hoc Group to national constituent units. Most typically this was the case in Germany where virtually nothing was reported back from the proceedings in the Ad Hoc Group (Interview with Peter Seideneck 25.2.1995).
  - 131 Interview with Peter Seideneck, international secretary of the DGB (25.2.1993).
  - 132 Interview with David Lea, deputy general secretary of the TUC (20.4.1993).
  - 133 Interview with Wilfried Beirnaert, director general of FEB, the Belgian Employer Confederation (15.4.1993). A similar picture was given in interviews with N. Trampe (22.1.1993, J. Degime (3.6.1993) and C. Savoini (3.10.1996) from the DG V, who were all present in the negotiations. For Belgian employers the concept of the 31 October agreement represented a familiar national practice, since, in fact, the MSP virtually transplanted the Belgian model onto the European level. It was accordingly W. Beirnaert (FEB) who put the deci-

- sive draft on the table (Interview with Dir. Michels, the Belgian textile employer federations, FEBL-TEX (30.3.1993), and professor Roger Blanpain, University of Leuven (5.3.1993)).
- 134 Interview with W. Beirnaert, FEB (15.4.1993). From some employers sources it has also been suggested that some employers representatives did not fully understand the impact of the 31 October agreement – they did not realise that the Commission and the Council wanted to take the text as it was, but thought it would be subject to amendments. Thus, they did not take it very seriously.
- 135 Interview with Bernard Arnold, director of social affairs, UNICE, (1.4.92 and 23.9.1992).
- 136 Interview with Deborah France, CBI (19.4.1993).
- 137 Interview with Jean Degimbe (3.6.1993).
- 138 BDA suggested that in cases where European social partners did not reach agreement, the Council could only enact legislation by unanimous voting, in effect a proposal that would grant the employers power to block EC legislation.
- 139 Interview with Degimbe (3.6.1993) and Fondation: *Europe et Société* (1992a: 2).
- 140 Strøby Jensen (1995: 306) even suggests that a kind of common identity had evolved built upon a certain shared interest in achieving something, bolstered by the fact that both sides had a problem in overcoming resistance from their national “hinterlands”.
- 141 Interview with professor Roger Blanpain (5.3.1993).
- 142 Interview with general secretary Werner Ellerkmann, CEEP (18.5.1993).
- 143 Interview with Manfred Bobke, assistant general secretary of the European Metalworkers’ Federation (20.1.1993) and social policy adviser of IG Metall and later the DGB during the period in question.
- 144 A similar impact of anticipated supranational changes could later be observed with the signing of the first Euro-agreement in 1995 (see chapter 10).
- 145 Lange suggests that these countries may have a common medium-long-term self-interest in raising social standards in order to escape the low-quality, low-wage trap. According to such a “developmental” perspective, both rich and poor member-states have a mutual interest in stimulating a shift towards more advanced, high-skilled production in the poor countries by raising social standards, hereby eliminating low-cost competition and extending the markets for products from the rich countries. From the perspective of the periphery governments, such a painful upward harmonisation or modernisation would be easier to pursue in a co-ordinated way, inhibiting free-riding from other low-cost states and allowing the governments to blame the Community for some of the pains. However, Lange argues that it is inconceivable that governments pursue such long-run economic strategies if it carries shorter-term political disadvantages (in terms of reduced growth, employment etc.) which might endanger their hold on the government (*ibid.*: 22).
- 146 And as pointed out by Pierson (1995: 3), although Lange may be right that poor member-states signed the Social Protocol because of side-payments, he does not offer any evidence that this was the case. This exemplifies a frequent weakness of intergovernmentalist explanations: Where policy outcomes do not conform with the expected preferences of the member-states, they tend to be explained as part of “nested games” or side-payments. With such conceptual tools, it is usually a simple matter to posit a set of preferences and interrelationships that are compatible with observed outcomes.
- 147 In effect, this could be expected to erode the political commitment to filling the new supranational institutions with real content. If so, the promising Maastricht compromise was in danger of being abandoned by its parents even before it had been “baptised”, that is, ratified. In this sense it could seem as Delors and Kohl, who brokered the deal with Major, had underestimated the impact of a British opt-out. Another interpretation is that they gambled that an incoming Labour government would redress the fault-lines of the compromise.
- 148 The delegation consisted of president Norman Willis and general secretary Emilio Gabaglio ETUC, together with the TUC deputy general secretary David Lea (Interview with David Lea, 30.11.1995). Also according to Carlos Savoini DG V, the troika Kohl, Mitterrand and Gonzales, supported by Christian Democratic governments, were strongly committed to the social policy reform. Similarly, Tyszkiewicz of UNICE stated that some member-states needed some progress in order to responding to pressures from their unions and coalition partners to the left (1992: 5). Also Strøby Jensen et al. (1992: 24) suggest that certain national trade unions had succeeded in persuading their national governments to adopt a more positive attitude to the social dimension by threatening to withdraw their general political support for EC integration.
- 149 While it is not difficult to understand the commitment of Mitterrand, as part of the Socialist French circles that had launched the idea of a European social space, the support from the German Christian Democrats may appear more puzzling. However, since social concertation has been a familiar complement of the monetary policies pursued by the German Bundesbank, the idea that social partnership was indispensable for implementation of the monetary union was less surprising. Moreover, the German labour minister Norbert Blum was a Christian trade unionist himself. In the case of the Spanish prime minister Gonzales, longstanding European Social Democratic commitments make sense of what Lange conceives as self-defeating behaviour.

- 150 This represents the neo-functional ingredient of the story. The strong link made between the anticipated deepening of economic and political integration and the "need" for a strengthening of EC social policy by trade unions, the Commission and central governments was what eventually forced a shift of strategy also on the employers's side, which otherwise would presumably never have been accepted by many national employers' associations.
- 151 See, e.g., Guery (1992), ETUI (1992), Jacobi (1993), Bercusson (1992a, b), Goetschy (1992, 1994) and Lecher and Platzer eds. (1994).
- 152 Although UNICE representatives sometimes alluded to such an interpretation, UNICE never adopted it as an official stance.
- 153 Some scholars have suggested that the wording "shall be implemented", combined with the phrase "and the Member States" (article 2.2 of the MSA) may impose an obligation on the member-states to ensure proper implementation (Bercusson 1992b: 187), but an attached declaration to this paragraph explicitly seemed to rule out any such member-state obligation (Hepple 1993: 159).
- 154 Interview with Jean Degimbe, DG V (3.6.1993).
- 155 However, when the first Euro-agreement on "parental leave" was to be enacted in 1996, the chosen regulatory instrument actually was a directive.
- 156 This issue caused controversy already associated with the first Euro-agreement on "parental leave" signed in November 1995, when confederal and sectoral unions ran into disagreement over whether sectoral agreements derived from a confederal agreement could acquire legal status via a Council decision.
- 157 Owing to the diversity of national industrial relations and the strong resistance against giving agreements general application (*erga omnes*) in some member-states (particularly in the Nordic countries), it was also asked whether a differentiated mode of implementation could be conceivable, one whereby the Council decision route and the contractual route were combined. This could for example be achieved if a Euro-agreement contained specified procedural descriptions of how it was to be implemented nationally, possibly making possible a variety of routes in different countries.
- 158 See, e.g., Bercusson (1992b), Langlois (1992) and Teague (1993).
- 159 This interpretation has been opposed by more "Euro-optimistic" analysts referring to the actual text of the MSA, stating that the signatory parties "wish to continue along the path laid down in the 1989 Social Charter" (Ross 1994: 489).
- 160 This was underscored in an interview with a Commission source: "Before Maastricht UNICE would not gain from negotiations, after Maastricht trade unions will not". This paradox came to the fore in the attempt at negotiating the proposed directive on "European Works Councils" in 1994 (see section 10.2).
- 161 As pointed out by Martin and Ross (1995), the Commission has actually for some time now been providing resources for the development of trade union organisations at European level (see sections 5.5 and 6.5). Another example is the budgetline 2004, through which the European Parliament has provided trade unions a considerable amount of ECU to building up transnational union bodies in multinational companies (see section 10.4).



# PART IV

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## POST-MAASTRICHT DEVELOPMENT OF THE ETUC AND SOCIAL DIALOGUE (1992-97)

The ETUC assumed that the institutional innovations embedded in the 31 October Agreement and the Maastricht Social Agreement (MSA) would pave the way for European collective bargaining and enhance trade union integration. However, as will be seen, it is not possible to derive the implications of institutional compromises from the text or from the intentions of their architects.

In the Maastricht aftermath, the ETUC member organisations entered a lengthy strategy debate over how to develop European collective bargaining. This debate represented a crucial phase in organisational development within the ETUC. In the process, strategic choices were made on how to operationalise and redefine the decisions of the 1991 Congress, and important foundations were laid for ETUC policies and further institutional development, highlighting the central dynamics, constraints and power relations that are shaping the Europeanisation of trade unions. Thus, in chapter 9, I analyse the internal organisational processes of the ETUC and show how trade union actors, rooted in a diversity of industrial relations traditions, struggled to arrive at a common interpretation and conceptualisation of trade union policy in the post-Maastricht context.

After the Maastricht Treaty on European Union was ratified in late 1993, the ETUC strategy for developing a European system of negotiations and industrial relations was put to the test

of practice. In chapter 10, I analyse the efforts of European trade unions, employers' associations and EU institutions to implement the provisions of the MSA, and describe the adjustments of actor policies and institutions. The main emphasis here is on cross-sectoral European negotiations, but also the development of sectoral social dialogue and European Works Councils is reviewed.

Chapter 11 describes how the development of European negotiations under the MSA unleashed renewed ETUC debates on reform of decision-making, on the establishment of a "bargaining order" and on clarification of responsibilities between the confederal and sectoral pillars of the ETUC. In parallel, ETUC membership continued to grow and a process of eastward enlargement was initiated, increasing the strains on the ETUC structures, processes that are described in chapter 12. The results and implications of these processes for ETUC integration and the evolving regulatory pattern of social policy and industrial relations at the European level are analysed in chapter 13.



## **9 The ETUC strategy debate over European collective bargaining 1992-93 - a case study**

### **9.1 Overview**

"A victory for the ETUC – an agreement which paves the way to European-level collective bargaining" – this was the initial response of the ETUC to the 31 October Agreement.<sup>1</sup> The enthusiasm of the ETUC Secretariat, which wished to forge ahead by immediate initiation of negotiations with UNICE on the establishment of European works councils, was, however, moderated by representatives of central national confederations. They emphasised the need for a "thorough-going debate before real European-level bargaining began, so that the ETUC's position could be settled and would be totally clear". Accordingly, a large-scale conference on European collective bargaining was convened in Luxembourg in June 1992 and a working group was set up to prepare the discussions.

The lukewarm response from central affiliates to the 31 October Agreement was a first indication that developing an ETUC policy for adding life to the new institutional frameworks would prove less smooth than envisaged by the architects in the ETUC Secretariat. The 1991 Congress had aimed to constitute the ETUC as a supranational actor, capable of binding the affiliates and acquiring legitimacy to a common platform, procedures and mandates to pursue European negotiations. This would imply substantial change of trade union institutions at both European and national levels. Problems of interpretation occurred, and the search for a common strategy for European collective bargaining revealed uncertainty and ambivalence among central member confederations. Differing conceptions of the meaning, aim and organisation of European negotiations, together with scepticism from the employers' side, increasing economic problems and uncertainty about Maastricht ratification – all seemed to cool the initial enthusiasm.

This chapter describes the subsequent process of policy-formation in the ETUC during 1992–93, leading to the adoption of a strategy document on European collective bargaining and social dialogue in March 1993. This process will be used as a case to show (1) how the diversity of national trade union institutions, traditions and perceptions of collective bargaining acted to condition the development of ETUC policy; (2) what forces and configuration of actors, interests and powers shaped ETUC policy, with emphasis on the intermediation between European and national actors and institutions; and (3) how the process contributed to continuity or a change of the direction of ETUC integration envisaged at the 1991 Congress. The core question thus is (4) how the institutional changes provided by the 31 October Agreement and the Maastricht Social Agreement (MSA) actually influenced trade union per-

ceptions and strategies of Europeanisation. – To what extent did the concept of facilitating European negotiations by institutional reform from above stimulate policy change among national trade unions (as suggested by neo-functional and institutionalist theories)? and to what degree did it unleash national counter-vailing forces (as suggested by intergovernmentalist theories)? To explain the eventual outcome (5) changing external conditions associated with Maastricht ratification, economic developments and strategic employer behaviour will also have to be taken into account.

The empirical analysis in this chapter is based on personal observations through participation in the actual process of the ETUC, combined with interviews, documents and notes from the referred meetings of the ETUC and the Nordic Council of Trade Unions (NFS).

## 9.2 National positioning and struggle over agenda-setting after Maastricht

The ETUC process of interpreting the implications of the MSA and preparing a European strategy of collective bargaining started in meetings of the Standing Committee on Social Policy and Collective Bargaining on 21–22 January 1992.<sup>2</sup>

One of the key architects behind the new institutional framework within the ETUC Secretariat, deputy general secretary Jean Lapeyre (from the French CFDT), emphasised in his introduction that the extended Community competencies and the 31 October Agreement opened the door to for a new dialectical relationship between EC legislation and bargaining. Fully aware of the potential problems caused by the British opt-out and the paradoxical existence of a double treaty base, Lapeyre opined that an agreement between eleven states was nonetheless better than a watered-down agreement between all twelve. He further pointed out that the social partners should confirm their legitimacy by starting negotiations during 1992.

Most of the national representatives shared the perception of the Maastricht outcome as a step forward. However, different interpretations rapidly came to the fore. The *British TUC* representative saw the Maastricht result as a victory for the ETUC, due to clever lobbying, and a much better outcome than a weak solution that would have included all twelve member-states. He also expressed hope that the forthcoming British elections (spring 1992) would bring an end to the British “opt-out”. The representative of the *French FO* also viewed the outcome as a major political success, but emphasised that the ETUC would have to judge critically whether legislation could be achieved by qualified majority voting in the Council, before deciding whether the negotiating path should be followed. The *Italian CISL/UIL* representative admitted that Italian unions had expected more, but underscored the need to be realistic and not forget the difficulties: “Before Maastricht we had achieved nothing in the bargaining field. This is one step forward, now it depends on the trade unions to follow up”, he said, adding that introducing a single currency would force a European bargaining level. The representative of the *Danish LO* emphasised that the results would depend on the balance of power between the parties at both the European and national levels, and drew attention to the lack of

the right to industrial action, the problem of sanctioning bargaining outcomes, and the challenge of getting agreed rights down to the company level nationally. Therefore, he said, whether to choose legislation or negotiations would have to be carefully considered. The Danish FTF further underscored that European legislation and agreements should aim at setting goals, while implementation should be pursued through national systems. The *German DGB* representative was more critical and expressed scepticism towards the cleavage between the eleven and the twelve: "It is inconsistent to celebrate a break-through when the ETUC has always opposed a two-speed integration". He questioned the consequences for transborder work with two parallel legal systems, and was concerned that competitive pressures from a British "free-production-zone" could cause disintegration and inhibit the governments from using the new procedures of QMV. As to the prospects for European collective bargaining, the DGB representative was "not so optimistic, due to our experience that we have never achieved agreements without proper strike rights". Moreover, he questioned whether the ETUC could become a real bargaining partner. To him it seemed that the sectoral level would be more feasible for European negotiations, and that the ETUC should rather continue to promote consultative social dialogue.<sup>3</sup>

After a representative of the Commission DG V had outlined the status and prospects for implementation of the remaining parts of the Social Charter, further cooling union expectations, the Committee was invited to discuss the aims and perspectives of the ETUC Conference on European collective bargaining convened in June 1992. On behalf of the ETUC Secretariat, J. Lapeyre suggested focusing on five themes: (1) What kinds of issues would lend themselves to bargaining at the European level?; (2) Who should be entrusted to enter into binding bargaining, and with what mandate and organisational apparatus?; (3) The control, monitoring and legal status of possible European agreements; (4) The balance of power – how could pressure be exerted on employers and how could a proper balance of power be secured within the trade unions?

This unleashed a broad debate, illuminating the magnitude of challenges which would have to be resolved.

### *Initiating the ETUC debate on European collective bargaining*

*The German DGB* representative asked for a more critical analysis of the new options, noting that German industry unions were sceptical to involving the Commission and the Council in collective bargaining issues, which might harm trade union autonomy. They were concerned that national trade unions could be bound by Commission proposals, he argued, and proposed that the principal question about balance of power and strike rights should be dealt with first.

*The EMF* representative proposed that a distinction be made between social dialogue related to European legislation and true collective bargaining. Since UNICE cannot be forced into collective bargaining by the threat of legislation, but only through European action, we need to address the issue of European strike rights and national barriers against European industrial action, he argued. Better-defined goals and clearer demarcations between national, European sectoral and ETUC responsibilities should be established. "We say yes to European bargaining, but in a well-ordered way vis-à-vis national organisations. We say no to deregulation."

lation of national models of bargaining, which many employers want to scrap. It is an illusion to believe one can win more at the European level than at the national level. In the end this is a question of national trade union strength", he argued.

*The British TUC* representative responded by asking what was meant by European collective bargaining: "European trade union activities will not be a reflection of national activities, we must apply more open, broad concepts and find issues that attract attention". Thus he was unconvinced of the crucial importance of strike rights at the European level, where established concepts of power were not necessarily adequate.

*The Italian CGIL* representative maintained that at the European level social dialogue and collective bargaining would amount to the same – it would all end up in European law. The threat of law is not enough, he said, although co-ordinated trade union action does not necessarily imply European strikes. A multitude of well-timed national actions might be as useful, he added.

*The Italian UIL/CISL* representative went further, suggesting that the EMU and political union would mean that trade unions must relinquish sovereignty and delegate powers upwards, as done in the past at the national level. Therefore, he concluded, it was important to address immediately the political question of whether unions were willing to start European bargaining, and on what issues.

*The French FO* representative recommended going ahead and trying to achieve results, for example related to vocational training, and letting the institutional setup follow afterwards. Therefore, the focus should be on developing a list of bargaining issues, mainly within the area regulated by QMV, where maximum pressure could be put on UNICE.

*The EURO-FIET* representative, supported by the French CFDT, expressed surprise over the reluctance that had been voiced – "I thought we had said yes to European agreements at the Luxembourg Congress and through the 31 October agreement" – and recommended a pragmatic step-by-step approach.

*The Belgian CSC/FGTB* representative reminded the Germans that binding agreements were possible also at the inter-sectoral level, that European agreements would only settle minimum standards, and that trade unions themselves could control implementation at national level.

*The Spanish UGT* representative argued that, due to legitimacy reasons, implementation should be pursued through national bargaining, which raised the question of whether to permit bargaining on national derogations.

*The Danish LO* representative pointed out that in the Nordic countries the bargaining parties were autonomous; in the case of Danish LO, they had very little bargaining competence left to lend over to the European level, as most bargaining responsibilities had already been transferred to the industrial level. European agreements should be perceived as additional agreements, requiring a clarification of the relations and articulation between bargaining at different levels. In particular, distinctions should be drawn between political interlocutors and employer interlocutors. Since the MSA favours greater union influence on political directives, we should carefully consider the potentials of the legislative route before entering into negotiations. – "For example, concerning working time, why should it be easier to negotiate with UNICE than with the Commission?", he asked, noting that bargaining over works councils had failed in the Nordic countries and would presumably be even more difficult with UNICE. In consequence, the Danish representative proposed that social dialogue be started on some soft issue, like vocational training, in order to build up experience, while the concept of collective bargaining should be considered a task for after year 2000, due to the differences in national industrial relations systems.

*The Swedish TCO* representative followed up by stating that he was not at all convinced that European minimum agreements could be easily improved nationally. The reverse might well be the case; a downward logic could be unleashed, with European agreements locking national bargaining and blocking the pioneers from forging ahead.

*The Finnish SAK* representative bluntly predicted that no European agreement would be achieved before the year 2000 and after the EMU had been implemented: "What we are discussing is recommendations, for example on training and information-consultation rights, to press the Community and the member-states to do something. We are not prepared for collective bargaining and we should not disturb the national bargaining systems." – Reiterating that Nordic central agreements and incomes policy were based on broader notions of collective bargaining, including social policy, he warned that "if we transfer such tasks to Brussels, we lose what has kept trade unions together, and leave them only with wages".

*The Greek* representative responded that developing European bargaining should be conceived as a long-term historical process similar to previous national centralisation. On the other hand, he said, he could not understand Northern union fears that minimum agreements would prevent affiliates from going further.

*The German DGB* representative then responded by reiterating that they were not against European agreements, but the question was how, in which direction and through what steps. National rights and possibilities of mobilisation would have to be extended before one could enter into European agreements, and the question of ETUC interest-accommodation would have to be resolved. "What are the common interests between our members that would get them into the streets?", he asked, suggesting that so far no concrete demands of common interest had been put forward. Given so many external limitations, ample time should be devoted to developing a medium-term trade union strategy. For example, since we do not know what to do when UNICE says no to negotiations, we should rather aim at a step-wise improvement of social dialogue which can move us towards agreements, combined with a better co-ordination of national bargaining policies. — "Honestly, are we really of the opinion that we can get more out of UNICE than out of the legislator?"

*The EMF* representative then asked for a thorough discussion of the implications of the EMU, which he felt would have serious consequences for core issues at national level, and echoed the Nordic fear that minimum agreements at European level could act to constrain national bargaining.

*The Italian UIL/CISL* representative agreed of the importance of facing up to the real problems, but reminded members that the ETUC had proven itself capable of putting forth common demands in recent years and that European trade unions would have to learn to formulate joint demands and strengthen the European organisations by delegating powers to bind the affiliates.

*The French (FO)* representative then pointed out that even if you realise you will never marry the ideal woman, the answer is not simply to remain single: "We have gained something, not everything, and since the aim was to achieve European social law through a mixture of law and negotiations, we should press to come further".

The ETUI director, Günther Köpke, who had his background in the IG Metall, was left the difficult task of summing up the debate and proposing avenues for further discussion. Köpke maintained that it was dangerous to believe in a veritable shift of model at the European level. The social dialogue would indeed have to be continued, and a one-sided reliance on European collective bargaining would be a risky trade union strategy. Rather than a radical shift to European level, the challenge as he saw it was to develop new links between European and national level developments, with the aim that European negotiations could provide value-added. In his view, three paths could be envisaged: (1) closer exchange of bargaining information across the borders; (2) definition of broad common objectives for national bargaining; and (3) possible European collective agreements which could complement the former, presumably related to qualitative issues and not issues related to labour costs.

With this January 1992 meeting of the Social Policy and Collective Bargaining Committee of the ETUC, the agenda for further discussion became defined in a quite different way than foreseen by the ETUC Secretariat. In contrast to the process leading up to the 31 October agreement, national unions and individuals engaged in national bargaining had become involved, many of whom did not seem convinced of the benefits of European collective bargaining. Most striking was the critical positioning of the German representatives. Their main industry unions were apparently not attracted to the idea of handing over bargaining competence to the DGB and the ETUC. The Nordic representatives seemingly sided with the

Germans, while the British and Latin unions adopted a more open approach. As emphasised in a meeting-report of the Norwegian LO, "it is evident that within the ETUC and the member-organisations there are very preliminary and unclear perceptions of what this in practice means (...) and very diverse expectations came to expression".<sup>4</sup>

Uncertainty had also been fuelled by a statement made by UNICE director general, Zygmunt Tyszkiewicz: "the agreement last December would create legal confusion and double standards", who added: "I hope this monster with two heads will be replaced (...) that it is only a temporary formula" (Agence Europe 8.1.92). Tyszkiewicz argued that abandoning the principle of a single Community represented a very dangerous precedent; in principle, also social legislation should apply to the Community as a whole and therefore the eleven social agreement should hardly be used. He also questioned its status as *acquis communautaire*, and suggested that UNICE should consider on a case-by-case basis whether negotiations with unions were appropriate to replace Commission legislation.

The preparations of the Luxembourg Conference on European collective bargaining in June were then passed on to the ETUC Executive Committee, 5-6 March 1993.<sup>5</sup> The Secretariat suggested that it should analyse and define the conditions for European bargaining and that as many as 300 national participants should be invited to the conference which should be open to public. In the ETUC Executive Committee, however, several Northern affiliates disagreed. They argued that holding such a major public arrangement would be premature, that the prepared scope and issues of the Conference were unclear, that a more thorough internal debate within the Executive Committee was required; thus, they proposed postponement.<sup>6</sup> The Secretariat, supported by the Southern confederations, maintained that there was an urgent need for a broad debate, both in view of the subsequent Social Dialogue Summit 3 July 1992, which was to design the new frameworks of the social dialogue, and in view of the 1991 Congress decisions about ETUC reorganisation. Despite the divergence of views, the chair, vice-president Stekelenburg (FNV), concluded by stating that since national negotiators wanted control over developments and felt Europe was too distant, there was a need to add a European dimension to national bargaining and make it clear that European issues could not be left to the ETUC and the national leaders. Decentralised national actors must be integrated, he argued, and tabled a compromise according to which the arrangement should be defined as an internal working conference and the number of participants should be radically reduced.

Soon after the March Executive Committee meeting, a new document on social dialogue was circulated to ETUC affiliates.<sup>7</sup> Here it was stated that in a meeting of the Social Dialogue Ad Hoc Committee held on 10 February 1992, the ETUC had invited employers to start "experiments with the agreement of 31 October" on a voluntary basis. UNICE had, however, made it quite clear they would not consider any negotiations unless it was presented with a draft directive. Accordingly UNICE had suggested that negotiations should start on some of the most contentious blocked directives of the Social Action Programme (working time and atypical work), issues on which UNICE had previously adopted highly restrictive stances. This

the ETUC refused, and proposed instead that one start with vocational training, an issue on which the Commission so far had not taken any action. The document, moreover, mentioned that a Social Dialogue Summit, chaired by Delors, was to be convened on 2 July, in order to work out new procedures and institutional frameworks in view of the MSA.

This both underscored the obstacles ahead and alerted national confederations, because the question of inviting UNICE to start "experimenting" with European negotiations had not been discussed with the affiliates. While key affiliates prepared for an in-depth internal strategy debate, the Secretariat seemed to be acting as if it had already been granted a mandate.

ETUC preparations for a European collective bargaining strategy now continued in an ETUC/ETUI working group open for national affiliates, assigned the task of drawing up background material and clarifying the key questions to be addressed.<sup>8</sup> Here in-depth discussions about the meaning and implications of the MSA were pursued, stimulating exchange of information and learning about the different national systems of industrial relations. This provided the participants with more insight and awareness about the complexity of the issue, but also accentuated the diversity of interpretations and the uncertainty among affiliated organisations. Main issues in these discussions were:

- (1) What were actually the aims and intentions of the trade unions' agreeing to the 31 October agreement and the MSA? Was it to reinforce the social dialogue by "negotiated legislation" at confederal level, or to develop a system of real transnational collective bargaining? And if so, what would be the most appropriate level for development of European negotiations – the confederal, sectoral or the transnational company level? And how could proper co-ordination between the different levels be ensured?
- (2) Which strategic considerations should guide trade union choices between the legislative route and the negotiating route, and what type of issues could it be feasible to negotiate at European level? Should emphasis be put on framework agreements concerning qualitative labour standards, or should also quantitative questions (like wages) be included?
- (3) Given the reluctance of employers, and their virtual absence at the sectoral level, how should employers be induced or forced to enter into serious negotiations?
- (4) If agreement can be reached, which route of implementation should be chosen: the legislative Council decision (implying an unwanted *erga omnes*-mechanism and juridification for some national unions) or the national bargaining route (implying in-sufficient coverage for other unions)? And how could adequate compliance be assured? Would for example a European Labour Court be required to handle breaches and disputes?
- (5) Should the outsider British and EFTA unions be allowed to take part in negotiations that might lead to EU law, not necessarily binding on them?
- (6) Perhaps most important: how could a proper internal system of mandating, formulation of demands, decision-making, ratification and accountability be constructed? What kind of organisational adjustment would be required among national affiliates if European negotiations should achieve proper foundation and impetus from below?

Especially the question of extending possible European agreements to the whole work-force (the *erga omnes* mechanism through Council decision) proved to be controversial. It became clear that the intention of the Ad Hoc Group which had negotiated the 31 October agreement had been to request a Council decision both to give to European agreements a legally binding character and to ensure complete and uniform coverage of the work-force. The German and Nordic representatives had strong reservations to such a procedure, considering *erga omnes* an undue juridification of collective bargaining which might erode the incentive to join trade

unions. As stated by an IG Metall representative from the European Metalworkers' Federation, "*erga omnes* is a catastrophe for the trade union movement, so why not follow the legislative route from the outset?". On the other hand, fear was expressed that implementation through national bargaining would face severe problems of representativity and compliance in several countries, opening the possibility of social dumping. More fundamentally, discussions on how to grant mandates to the ETUC, and how to pull reluctant employers into meaningful European negotiations, seemed to cause increasing doubts among key affiliates.

The Nordic Council of Trade Unions (NFS) soon after convened a seminar in Copenhagen 4-5 May 1992 with invited ETUC representatives and experts to discuss interfaces between the MSA and national labour law. During the conference the view that Nordic unions would have to increase their involvement in order to influence the ETUC strategy debate gained strength, not least to make the ETUC Secretariat realise the difficulties and potential conflicts between European negotiations and national traditions of bargaining. Central representatives of national confederations emphasised the need to raise standards in the less advanced countries to avoid undercutting competition, suggesting, however, that Community legislation by QMV could be much more effective than negotiations with UNICE. Concern was further expressed that the ETUC Secretariat did not fully comprehend the problem of obtaining a bargaining mandate and ensuring a national anchoring for European developments, further underpinning the demand that organisations of the EFTA countries, as part of the single market, were to be granted an equal role in developing ETUC policy and social dialogue.

### 9.3 The ETUC Luxembourg conference – a European dimension on collective bargaining after Maastricht

#### 9.3.1 Setting the stage

The first guest to take the floor was Zygmunt Tyszkiewicz, the director general of UNICE. Talking directly to doubting national trade unionists, he succeeded in defining key premises for the subsequent debate:

"Congratulating the ETUC and the social partners on having opened a new stage of social dialogue in Europe, Tyszkiewicz went on to focus on the unclear meaning and distinctions between social dialogue and negotiations. Thus the beginning will be difficult, slow, painful and cautious, he stressed, urging consensus and improved ability for national members to monitor and control what European-level actors were doing. He indicated doubts as to how representative the European organisations were, especially at sectoral level. - "How can European actors be mandated in a proper way?", he asked rhetorically, and suggested that the problem of European decision-making was underestimated. As for implementation of potential European agreements, the negotiating route – which would allow national organisations to ensure responsible and flexible adjustments to national realities – seemed most attractive to UNICE. Then came the blow: "*In the view of UNICE, European negotiation is only attractive if it replaces law that damage competitiveness*". This is subsidiarity in principle, he continued: we must resist the temptation of repeating at the European



level what we do every day at the national level. We should not add on another superfluous layer, but limit any European initiatives to genuine cross-frontier tasks and needs. Ending his speech, Tyszkiewicz posed the question *"did the ETUC want to negotiate for its own sake?"*

By targeting the anxiety of national union representatives that European negotiations could intrude in their domain; by questioning the democratic legitimacy of European-level bodies; and by puncturing ETUC hopes that European negotiations would open new frontiers and crudely presenting the one and only UNICE objective – to defend competitiveness – Tyszkiewicz not only stole the show. He fanned the flames of the underlying fire of national doubts about the concept of European negotiations. In the subsequent debates his intervention became a key reference, testimony that not much could be expected from peak-level European negotiations. – Why bargain with a counterpart whose only aim was to dilute regulations?

Then the DG V old hand of social dialogue, Jean Degimbe, presented the content of the MSA. In his view, the concept of "negotiated legislation" was a "revolutionary achievement" without precedent in any member-state. He concluded, "after 20-30 years of fight, the ball is now in your court". Given Tyszkiewicz's crystal-clear message that employers would only consider playing when it suited their particular aims, this did not sound especially convincing, however. The strategic challenges of the trade unions, faced with market integration, free movement of capital and the EMU, was then resumed by the ETUI director, G. Köpke, who states that "the principle of collective defence of workers' interests cannot stop at national borders when the boundaries of capital disappear". The imbalances between economic and political integration require a social union and a collective agreement union, he argued, and reminded delegates of the shortcomings of social Europe and European collective labour law. Attention, therefore, ought to be drawn to the interfaces between national union diversity and the potentially discordant interaction between European and national bargaining. European agreements, in his view, should be conceived as a supplement to national bargaining, providing frameworks, minimum standards and external "Eck-punkte", underpinning the latter.

The subsequent debates revealed considerable ambivalence, hesitancy and scepticism among ETUC affiliates as to what could be expected of European collective bargaining, as well as how to proceed with it.

### **9.3.2 The debate at the Luxembourg Conference: documentation**

The Luxembourg conference was organised in four sessions, addressing the following items: (1) the issues and area of European collective bargaining (ECB); (2) the levels, mandates and power-relations of ECB; (3) the nature, application and monitoring of ECB; and (4) possible strategies for ECB. Each session was opened by prepared speeches, followed by plenary discussions.

In the following I will summarise the main views and arguments in some depth. The presentation may therefore appear overly detailed and somewhat repetitive, but there are several

reasons why I find this necessary. First, this was the first occasion where the MSA, and the accompanying concept of ECB, was broadly discussed in a forum with significant representation of national unions and bargainers. Thus the debate provided a good illustration of the organisational and strategic challenges facing the ETUC, highlighting the diverse perceptions of ECB; the variety of interpretations of the MSA; the unresolved demarcations between European and national negotiations; and the precarious organisational foundation of the 31 October agreement. As the Luxembourg Conference thereby laid open all the obstacles which were to mark the ETUC struggle to develop European negotiations in the years to come, I find it most appropriate to enumerate the whole breadth of views expressed by different actors. This could also serve as a reference framework for assessing later developments and changes. Second, within the ETUC, the Luxembourg Conference became a standard reference-point in subsequent debates. The Secretariat had promised an in-depth review and evaluation of the conference, as basis for further debate, but it never came. This gave rise to reiterated criticism from several affiliates who felt that the main thrust of the conference was never taken properly into account. So, here it comes.<sup>9</sup>

*The Luxembourg Conference Debate 1-2 June 1992*

### ***Issues and area of European collective bargaining.***

*Bill Jordan, AEEU (UK)*, with reference to the British opt-out, argued that the subsidiarity principle should be turned upside-down. Since no legal national machinery for implementation existed in Britain, he supported the idea of European-level framework agreements, which could provide an incentive for expanding the role of national unions, especially at the industrial level. Realising the difficulties, he argued for a modest approach – “let us maximise the benefits and minimise the costs” – by searching for issues that could provide genuine value-added and utilising the threat of directives to pull employers to the table.

*Willy Wagenmann (FNV, the Netherlands)*, drew attention to the problem of organisation and argued for implementation of the 1991 Congress decision to strengthen the ETUC. While realising the UNICE reservations and inadequate employer representation in the SME-sector, he still saw the MSA as a step forward. We should not spend too much time on the legislative track, he argued, but try to take concrete steps forward. The choice of bargaining level would depend on the issue, but the sectoral level seemed most feasible. Possible issues to start with might include the access to qualifications, transnational consultation rights in companies, working time flexibility, rights of immigrant workers, and environmental protection.

*Walter Cerdefa (CGIL/ CISL/UIL, Italy)*, argued that consensus, responsibility and a skilled labour-force were essential prerequisites for competitiveness. Thus one should focus on the qualitative aspects, where potential joint interest with employers could be found, with specific priority to weaker labour market groups. The confederal level would be important, but the sectoral level seemed most appropriate for action on issues such as training, qualifications, maximum working hours and overtime. In his view, the EMU could in the long run require a kind of European incomes policy to influence national bargaining frameworks. Thus stronger commitment to co-ordination of national bargaining should be aimed at, which would require organisational change. He also suggested that transnational companies could become fora for European bargaining, perhaps constituting the core of the European trade union movement. The industry committees should be strengthened and bargaining bodies inside the ETUC would have to be established, he concluded.

*Jan Cremers, general secretary of the European industry committee of building and woodworkers (-EFBWW)*, declared he was more critical of the Maastricht outcome. Since many governments had hidden behind the back of Britain he was not optimistic as to the prospects of accelerated Community legislation. Trade unions would have to try to develop European negotiations, in particular related to mergers and trans

(Cont.) *The Luxembourg Conference Debate 1-2 June 1992*

border restructuring. However, the obstacles were serious, due to lack of mandate, the insufficient legal basis, the employer resistance and lack of representativeness on sectoral level. Social dialogue in the building sector had made some progress, but he saw no great future prospects, since "we have no real counterpart and no real means of enforcement". Cremers concluded that European negotiations would have to develop from "below" and that the question of whether horizontal European sectoral or company agreements could undermine national agreements would have to be considered cautiously.

In the *plenary discussion*, general secretary Bert Thierron of the *European Metalworkers' Federation (EMF)* argued that the first step would be to go from exchanging bargaining information to developing a common platform of claims enabling real co-ordination of national bargaining on sectoral level (e.g. as to working time and qualifications), as a basis for possible common action on an autonomous basis. This even more so, because the EMU would deprive national bargaining sovereignty. Possible issues to elaborate, he suggested, were the right to a certain time of training each year, maximum machine-time utilisation, limits on night-shifts and weekend work, as well as new forms of work organisation: "If we can't achieve common standards on such issues we will continue compete against each other". Thierron argued that the whole EEA would be the appropriate bargaining area and warned that it was premature to discuss collective bargaining in MNCs.

A representative of the *industry committee for transport workers* reminded the others that employers are not interested in negotiations unless unions are able to force them to do so. Therefore the MSA was potentially dangerous, he argued, expressing fear that the Commission had now passed responsibility over to the social partners. Since our experience is that EC regulations, e.g. of driver time, don't work, he concluded, our only option is to fight on an autonomous basis.

A representative of the *German public sector union, ÖTV*, asked for a clarification. "Who is going to negotiate with whom about what? When UNICE, as clearly demonstrated, will not bargain in good faith, do we at all have any *Durchsetzungsmacht* to pursue this venture?" Recalling that employers in the public sector, CEEP, were not at all representative, he asked, "with whom can we negotiate?" In his view, social dialogue consultation was fine, but the notion of European negotiations seemed unrealistic, posing also the question how to ensure participation and identification of trade union members with "Euro-kozmo-agreements". Thus the only way was to strengthen sectoral organisations, he concluded: "We can't expect good will, we need real counter-power".

In the ensuing discussion a representative of the *French FO* expressed concern that UNICE could use the MSA mainly to stop social legislation. A representative of the *German union of public servants (DAG)* agreed with many of the sceptical views, but argued for the need to be more optimistic, reminding that unions steadily were losing ground on the national level.

A representative of *German IG Metall* argued that trade unions needed to eliminate, or at least limit, wage competition. Therefore Euro-bargaining was an irreversible path in the long-term perspective. In the short term, however, a strengthening of the legal framework from above was required; by contrast, Euro-bargaining should evolve along a bottom-up approach from the enterprise to the sectoral level, whereby employers should be forced to constitute themselves. The inter-sectoral (ETUC) level should be regarded as the final step. "We must strengthen the trade unions at national level from below, we do not regain at the European level what we cannot achieve nationally", he concluded, echoing the main thrust of the debate so far.

### *Levels, mandates and power-relations of European collective bargaining*

*Joachim Kreimer-de Fries, DGB (Germany)*, underscored that the balance of power was a question of union *Durchsetzungsmacht*. As to the question of the appropriate level for European negotiations and "if and who could be mandated to pursue such negotiations", he emphasised that this implied serious political and strategic decisions, and reminding participants of the different bargaining levels that predominated in different countries. In his view, the national level would continue to dominate, while the sectoral/branch level would be the main arena for a long-term Europeanisation. With the EMU, transborder competition would prompt direct job-competition and potential conflicts within the trade union movement. Europeanisation through sectoral co-ordination of bargaining, supplemented by overall minimum regulations, would thus be imperative if a European collective bargaining union were to be created. Intersectoral collective agreements on the ETUC level, in his view, were not conceivable before a real trade union counterpower had been established at the sectoral level. He therefore suggested this issue should be subject to a broad debate in the member organisations. As to the notion of negotiations under the MSA, he reiterated the uncertainties about their legally binding status and the crucial issue whether a Council decision would be binding for organisations that had not delivered a mandate (*"erga omnes"*). This could raise serious questions about the democratic character of "neo-corporatist" regulation and the autonomy of the European trade unions. In conclusion, he suggested primacy should be given to development of autonomous collective bargaining at the sectoral level, coupled with demands for Community collective labour law – however, not excluding that intersectoral social dialogue under the MSA could possibly lead to "negotiated legislation". A case-by-case delegation of competence, based on *"Ausdrückliche Mandatierung"* was required, warning that "as long as this has not happened, we will block any such agreements".

*Bernt Nielsen, LO (Denmark)*, then rejected the notion of European negotiations and argued that the legal path through Community directives was the only approach which could achieve unitary force, because framework agreements would allow continued disparities and social dumping. Instead of inviting employers to a nine-month gestation period of negotiations, likely to end with miscarriage, directives through QMV would be much more feasible. European trade unions do not have the time to wait until a proper bargaining power is developed; what we need is a social platform of minimum rights for all sectors, he argued. Only in this way could national strength and bargaining models be preserved. As for mandating, he indicated that the 31 October agreement had been concluded without any mandate, causing scepticism among the Nordic trade unions. Furthermore, he expressed strong doubts that national industry unions would hand over any mandate to the sectoral industry committees. In conclusion, he argued that the ETUC strategy should be (1) to go for Community labour legislation and (2) continue with consultative social dialogue in order to influence such legislation. When the Community has created the single market and the EMU, it is also obliged to create a legal social dimension, he added.

*Bernadette Tesch-Segol, director of the industry committee of service sector employees (EURO-FIET)*, referred to positive experiences with social dialogue in her sectors and warned that UNICE was not representative of sectoral employers. She therefore urged a stronger recognition of sectoral social dialogue, but expressed doubt that this could lead to real negotiations.

In the plenary discussion a representative of *British graphical workers* asked where the grassroots members fit into the picture – "are we moving away from them?" The *Norwegian LO* representative, *Stein Reegård*, underscored the need to draw EFTA unions into the framework through the EEA, and warned against any illusions that Euro-level negotiations could replace or compensate for ground lost at the national level. A German representative of the *European Metalworkers' Federation, Helmuth Schauer*, warned against unfounded "Euro-optimism" and feared that the EMU would do away with solidarity. Therefore, he urged, European issues should be brought back to the members through national collective bargaining; this was the core vehicle to evolve European sectoral co-operation, for example through a European campaign against night-work and Sunday work. Several representatives of other industry committees argued in the same vein, highlighting the need to force employers to constitute at the European sector level.

***The nature, application and monitoring of European agreements***

*Jean Claude Vandermeeren, FGBT (Belgium)*, argued that adoption of European norms "from above", either through legislation or negotiated legislation, would trickle down into national contexts, while horizontal co-ordination and possible negotiations would enhance harmonisation "from below", contributing to a "wrench-effect". Implementation through a Council decision, he suggested, would imply legally binding norms with a generalising effect. The unions should therefore take care to design European agreements in a way that respected national agreements and avoided the danger of conflicting with or blocking national bargaining. As to monitoring and control, he asked whether European trade unions should opt for legal mechanisms of self-regulation by the parties, and whether one should require equity or allow differentiated implementation.

*Joban Kolk, TCO (Sweden)*, appreciated the steps forward taken by the establishment of a tripartite structure at European level, allowing for union influence on directives and implementation of these via national bargaining. In his view, this would be helpful in preserving national models of industrial relations. He recommended that one distinguish between negotiated legislation via social dialogue, which presumably should be implemented through national negotiations, and independent collective bargaining, which seemed to be an issue for the future. He warned against tendencies toward authoritarian centralisation, in his view reflected in the dispersed documents, and argued for a strategy of linking short steps to ultimate long-term ends, while taking great care to allow sufficient time to construct a European model. Any swift initiatives could backfire, he warned, and concluded by supporting the German call for a flexible, open bottom-up approach, respecting trade union subsidiarity.

*Alfredo Belly, speaking on behalf of CISL/CGIL/ UIL (Italy)*, agreed on the need for respecting national diversity and follow a bottom-up approach. Still, European minimum rights could be achieved through peak level European negotiations, he opined, raising the question whether some kind of European institution for dispute resolution and monitoring would be required. *Jaap Nieuwenhuise, general secretary of the industry committee of food, catering and allied workers (ECF-IUF)*, supported the view that possible agreements could best be monitored by the members themselves.

***Towards a European trade union strategy of collective bargaining?***

The conference was summed up in a round-table on possible strategies of European collective bargaining. *Wilfried Beirnaert, director of the Federation of Belgian Employers (FEB)*, reiterated that the 31 October agreement represented an important joint decision to establish collective relations at European level, but on a broader basis than collective agreements. In the view of one of its key architects, it reflected a deliberate political action and commitment, but it provided no legal basis for traditional collective bargaining. Neither was a realistic balance of power yet in place. The idea of intersectoral European agreements between UNICE, CEEP and the ETUC was to bring backward sectors into line, while he was reluctant to sectoral negotiations. Although consultation could be helpful, attempts to hurry could be disastrous, he warned. The challenge of social Europe, in his view, was to create fruitful linkages between the Community and national developments by bringing the European dimension into national bargaining. In this the MSA could be helpful, but European initiatives should be strictly limited to real cross-border problems and not interfere with national systems.

*Nicole Notat, CFDT (France)*, emphasised that unforeseen and important elements of the social dimension were now in place, and reminded delegates that both a strengthening of the legal path and the option of collective bargaining had been achieved. Thus, the time had come for practical application. The main task was to create a new legacy, transparency and credibility, by experimenting and solving problems as we go. The way cannot be defined from the outset, she stated. The level and character of agreements would depend on

the issues, but intersectoral European agreements that would provide absolute regulations were necessary. Notat felt that agreements should concentrate on goals, guidelines and procedures, leaving ample space for national action, thus rejecting the supposed conflict between European and national levels. She also opposed the German view that interprofessional and sectoral agreements represented alternative pathways. They are complementary and through mutual information and consultation the ETUC should avoid any hierarchical ordering from above. She concluded by saying, "it is unthinkable that the ETUC and UNICE should not be able to reach agreements".

*Klaus Lang, IG Metall (Germany)*, underscored that it was time for this conference, not to reach results, but to put the questions on the table. Recalling the post-Maastricht risks for trade unions, related to the emerging economic-monetary regime, he urged action to promote a truly European trade union movement. Despite weaknesses, he saw social dialogue as a possible instrument and did not rule out that negotiations with UNICE could provide better outcomes than directives. In this sense Maastricht was positive, he felt, because it established a European dimension of collective bargaining. However, the future discussion should focus on independent cross-border bargaining as a means to try to achieve at the European level what unions did at national level earlier in the century, that is, to transcend the logic of competition. At branch and sectoral level, bargaining bodies should be strengthened, and bi- and multilateral relations of monitoring and co-ordination of bargaining should be built up, for example between German and Belgian unions on working-time issues. A key task, Lang argued, was to ensure that bargaining was conducted in a trade union context and that international competition did not become a pretext for escaping national agreements. Social dialogue should be continued and extended, but a clear distinction should be drawn between advice, negotiations and collective bargaining. The ETUC Executive Committee would have to develop a clear definition of mandate, goals and procedures in order to secure proper feed-back and ratification procedures. Within three years, he concluded, another conference should be held to formulate clear demands for a strengthening of the legal basis for European collective bargaining, before the 1996 IGC.

*Tor Anderson, LO (Sweden)*, reminded delegates of the need to combat social dumping by all means, at European and national level, through legislation and negotiations. In view of the opportunities provided at Maastricht, a crucial objective should be to secure the right of transborder industrial action, freedom of association and the right to bargain. LO Sweden, he declared, was prepared to participate in European action, for example for seamen, in order to raise standards in Southern Europe. In the absence of European collective labour law, it was a national task to secure the right to such transborder action. For the ETUC, the main task should be to exert strong pressure on politicians to obtain more directives, which could be implemented nationally through negotiations. Another key challenge of the ETUC, in view of the expressed calls for sectoral and company level union negotiations, was to conduct strict co-ordination of lower-level developments. If the ETUC cannot manage this co-ordinating function, there is a real risk that trade unions may become split by employers, playing unions off against each others. Thus before the ETUC or the industry committees are allowed to start any experiments with bargaining, the ETUC system of decision-making and mandating should be thoroughly addressed. In conclusion, he said, unions have been offered new opportunities, but so far we do not have trade unions prepared to engage in collective bargaining.

In the ensuing debate, working-time issues came to the fore, prompting the Belgian employer representative to warn against European harmonisation and defend national identity. This provoked the IG Metall representative to remind delegates of the imbalance that all restrictions on economic transactions had now been abolished, so why keep national identity only for social questions? Working time should clearly be an issue for European negotiations, he argued, since "broad frames of working time and pay are necessary for equal competition".

*The Italian labour law expert, Tiziano Treu (now Italian labour minister)*, suggested that a practical "learning by doing" approach should be applied, in order to experiment with the new institutional situation. Don't wait for a perfect legal framework, he advised the actors, noting that creation of a European collective bargaining area in which social partners could guide the legislator was an exceptional phenomenon without precedent. This, of course, would raise demands for organisational change. If the actors were not able of filling this vacuum within 3-4 years, he indicated, there would be a great risk of fragmentation and liberalisation

*The Luxembourg Conference Debate 1-2 June 1992*

of collective bargaining. Proposing that one experiment with working-time issues, linking company, sectoral and European regulations, he warned that European sectoral bargaining would never be similar to national experiences. It should focus on specific transborder tasks, within a flexible overall approach.

*Jean Lapeyre, deputy general secretary of ETUC*, then wound up the conference by reminding delegates that the 31 October agreement reflected a wish to be recognised as European actors. This did not guarantee anything, it is only a framework that provides legitimacy for further action. European negotiations are no goal in themselves, and the problems are considerable, he admitted. Nonetheless, the social partners should try to solve the problems, he argued, expressing scepticism at directives and the fluctuating capacity of political Europe. In conclusion, he warned participants against hiding behind national diversity and using it as a pretext for maintaining inequalities. *The ETUC president, Norman Willis*, then closed the conference by stating that European trade unions would have to work with employers and "show we have common goals in regaining control of events that are already taking place, notably the single market, the EMU and the ongoing internationalisation. As distinctions between the national and European level are already eroded, we cannot know the exact way before we have tried, he concluded.

### 9.3.3 Main lessons

The Luxembourg Conference was a mind-opening experience for many of the most keen proponents of European negotiations as envisaged in the MSA. A majority of the speakers had expressed profound scepticism towards the whole concept of peak level European collective agreements. The distance in perceptions and interpretations between European-level union actors and national union representatives had been accentuated, reflecting the weak national foundations, involvement, and identification with previous processes. The problem of European negotiations was evidently not only to induce employers to take part, neither did the task of gaining acceptance and support from national affiliates seem easy.

Particularly striking was the strong German argumentation for a bottom-up approach, based on co-ordination of national collective bargaining and development of independent European trade union counterforce at the sectoral level. The ETUC was primarily conceived in a co-ordinating political role, while European peak-level negotiations were considered as a final step, not likely to occur until in the far future. This view was accompanied by concern that European negotiations could alienate membership, inhibit identification and participation, and be subject to democratic doubts. Moreover, it was warned that the ETUC would not be allowed to enter any kind of negotiation experiments before proper procedures of mandating (on a case-by-case basis), ratification and monitoring by national affiliates had been properly secured.

Striking was also the Nordic reluctance, expressed by Danish LO, which bluntly rejected European negotiations and recommended the legislative track. To some continental unions this looked like a complete U-turn after the Nordic unions for years had warned against undue European juridification of national industrial relations. Yet the Swedish representatives signalled a more open attitude to "negotiated legislation", while basically supporting the bottom-up German approach, built on national foundations and trade union subsidiarity. The European industry committees also seemed to share the German view, presumably reflecting

a wish to restrict the dominance of the ETUC in developing European trade union policy.

The Southern unions expressed no unitary approach and played a surprisingly withdrawn role. The Italians to some degree seemed to agree with the German insistence on building up autonomous trade union force, but on the other hand they argued for taking as much advantage of the new institutional frameworks as possible. The French CFDT and the Belgian confederations were the most enthusiastic advocates of following the path drawn up in the MSA, while the FO was more reserved. The British kept a very low profile, but seemed to support any means to circumvent the government opt-out and stimulate national bargaining via European framework agreements.<sup>10</sup>

One obvious interpretation of the Luxembourg Conference was that strong national power-centres in Northern unions had been mobilised, committed to halt any hasty attempts to forge ahead with European negotiations. The echo of IG Metall was clear: no European experiments that could disturb national authority-relations and the primacy of industry union bargaining would be accepted. Any moves that would imply handing over a bargaining mandate to the national confederation (DGB) via the ETUC, would be vigorously opposed.

Still, the German approach was seemingly not to reject European trade union integration, rather the opposite, as expressed in the call for building up a genuine trade union counterforce on a transnational sectoral basis. The basic message was that trade union Europeanisation should be pursued in a mode that was compatible with existing national traditions. Considering the absence of sectoral employer counterparts and the weakness of the ETUC industry committees, the German approach could, however, easily be accused of unfounded idealism. A critical interpretation, suggested by ETUC sources, was that the Germans were “hedging their bets” by applying a radicalistic rhetoric.<sup>11</sup>

Another feature was that much of the tension evidently was part of a struggle of interpretation, reflecting conceptual confusion; this suggested that the substantial disagreement was less significant than it might appear. In German (and Nordic) terms, “collective bargaining” was a distinct phenomenon with very precise meaning, while “social dialogue” belonged to an unfamiliar and fuzzy reality. The ETUC Secretariat’s use of the concept of collective bargaining, when basically meaning “negotiated legislation”, had caused misunderstanding and opposition. Accordingly the central message was (1) to draw the line between collective bargaining, which was still considered a national prerogative, and European social dialogue; (2) to remind the ETUC Secretariat and its allies about their limited powers and reliance on national consent. The same interpretation could probably hold for the Swedish position,<sup>12</sup> while the Danish rejection of even “negotiated legislation” seemed to reflect a particular national situation. Before the Maastricht referendum – held the same day as the Luxembourg Conference – an intense debate over the possibly harmful consequences of European integration to the Danish bargaining system had unfolded.<sup>13</sup> Particularly the concept of extending collective agreements by “*erga omnes*” procedures was controversial. Danish LO was thus very cautious about any moves on the European level that could fuel such suspicion.

Significant was also the diversity of views on the appropriate level of European bargaining.



While the Nordic trade unions shared the German scepticism of European negotiations, they were critical of the German emphasis on the sectors and industry committees as the main level of union integration. Such a strategy was compatible with the German system, but it was seen as a potential threat to the centralised Nordic system where strong power had been concentrated at the confederal level. Historically the Nordic ETUC affiliates had always promoted the view that ETUC co-operation should be controlled by the confederations; they had opposed the incorporation of the industry committees at the 1991 Congress. Wary of tendencies toward employer-driven decentralisation and power struggle between the confederations and industry unions at home, the Danish and Swedish confederations in particular were concerned that European developments could further erode their position and fuel fragmentation of the domestic bargaining system. The prospect of horizontal trade union integration in Europe was thus at odds with the Nordic concept of vertical, indirect integration.<sup>14</sup> On this issue the contours of an alliance between the Nordic and the Latin affiliates could be traced. Although especially the Italian unions had been promoting the incorporation of the industry committees in the ETUC, most of the Latin union movements shared the tradition of relative strong top-level confederations.

Thus a complex constellation of actors, views and interests, reflecting diverse national traditions, could be observed. Tension and coalitions partly followed distinctions between integrationist “Euro-idealists” and more sceptical “Euro-pragmatists” (Gobin 1996); partly between South and North; partly between weaker and stronger national organisations, cutting across the distinction between confederal and sector-oriented forces. However, the basic lesson was clear: Influential constituent, national units would not allow the ETUC Secretariat to experiment with European negotiations before appropriate mechanisms of mandating and affiliate control were in place. As a result of the new institutional frameworks installed by the MSA and the 31 October agreement, a broad European assembly of national trade unionists for the first time had become engaged in serious, joint discussions about European collective bargaining and the challenges facing trade unions in the new context of Europe integration. Whether this would lead to blockage of further development or would initiate a process of change, was, however, difficult to judge.

## **9.4 Deteriorating external conditions and growing internal tension**

### **9.4.1 Community crisis and Social Dialogue Summit**

After the Luxembourg Conference, the meeting of the ETUC Executive Committee on 11-12 June 1992 was marked by the rejection of the Maastricht TEU in the Danish referendum, the crisis of ratification and the growth of unemployment. A majority of Danish union members

had voted No, fuelling trade union concern about the growing credibility crisis of the Community.<sup>15</sup> The meeting also welcomed the conclusion of the negotiations between the EC and the EFTA countries. On the request of EFTA unions, the ETUC demanded that legislation stemming from the MSA should be followed up within the EEA as a whole, and that the EFTA social partners should be included in European social dialogue. This would, however, require proper financial contributions from the EFTA countries.

The Secretariat presented a new document which assessed the development and outlook of social dialogue before the convened Summit 3 July 1992.<sup>16</sup> Here it was noted that the commitment made on 31 October needed to be “confirmed” politically, especially because of the result of the Danish referendum, which made it necessary to show that the agreement was valid in its own right and could operate independently of the treaty through the determination of the social partners. One of the main concerns of the ETUC Secretariat, in view of the Luxembourg Conference, was decentralisation of the social dialogue to the sectoral level: “It is vital that we convince UNICE of this need for decentralisation. The Commission could undoubtedly help us attain that objective by ‘instigating’ consultation on sensitive sectors”. It was, furthermore, suggested that possible bargaining topics should be examined with UNICE and CEEP: “it would be a real breakthrough if we could persuade UNICE to start experimenting with the Agreement of 31 October”. Since “the Luxembourg Conference showed the considerable progress made since our May 1991 Congress and helped mark out the future of the social dialogue”, it was proposed that the Secretariat should work out strategic guidelines for adoption in the next Executive Committee.

In view of the critical thrust of the Luxembourg Conference, several affiliates were alarmed by the Secretariat’s apparent lack of sensitivity and continued talk about experimenting with negotiations. They therefore required an in-depth assessment of the Luxembourg Conference and appropriate consultation with affiliates on the drafting of the strategy document. It was, further, criticised that the ETUC had not managed to get representation for European industry committees at the subsequent Social Dialogue Summit.<sup>17</sup>

“We were expecting more, but we were afraid of obtaining less”, was the way the ETUC president, Norman Willis, described the Social Dialogue Summit 3 July 1992. UNICE, CEEP and the ETUC agreed on three joint statements: one on the future of the social dialogue; one on a renewed co-operative growth strategy for more employment; and one on vocational qualifications and certification. In the Joint Statement on the future of the social dialogue, the parties “affirmed their determination to implement the new Community procedures under the conditions laid down by the agreement of 31 October and in accordance with the new Treaty”. The ETUC also got UNICE to accept a formulation that “the social partners at sectoral level may, should they consider it desirable, develop a sectoral dialogue at their level along the most appropriate lines” – which in fact added nothing new. The organisational framework of the social dialogue was slightly modified by the setting up of a new Social Dialogue Committee to replace the former Steering Group and Ad Hoc Group.

The ETUC had aspired to launch a new stage in the social dialogue, but all it achieved was

reluctant UNICE acceptance of the new institutional frameworks. Even this had proved difficult, according to the ETUC summary:

"We had to proceed almost to a breaking-point in order to get the employers to agree to this minimalistic text (...). There is no doubt that an active and influential minority of employers had not liked the content of the Agreement of 31.10.1991 or its being incorporated in the Treaty, and so they attempted to weaken the provisions at the Summit."<sup>18</sup>

Thus the Summit "clearly showed that application of the 31 October agreement would be limited", due to the preconditions set by UNICE: (1) ratification of the treaty; and (2) legislative threats. Consequently also the ETUC Secretariat realised "we cannot expect, in the short term at least, any commitment from UNICE to start up European-level bargaining". Moreover, the question of extended participation in social dialogue had surfaced at the Summit. After Maastricht, contenders like the CEC, CESI, UEAPME, CECD, FEWITA, GEDIS and COPA had questioned the legitimacy of the triad social dialogue between UNICE, CEEP and the ETUC, and demanded equal rights of participation. On behalf of the Commission, Delors declared that the existing dialogue would have to be consolidated before any extension could be considered, however. In short, the social dialogue had run into a new deadlock due both to the treaty ratification crisis and employer withdrawal.

Then, after summer 1992, turbulence occurred in the financial markets, leading to the "Black Wednesday" of 3 September and British withdrawal from the ERM co-operation. At an ETUI conference on "EMU, Economic Convergence Programmes and the Economic, Social and Industrial Relations Consequences", 24-25 September, a number of national affiliate expression increased concern about the detrimental effects of monetary integration.<sup>19</sup> In parallel, opinion polls indicated that the forthcoming French referendum would be a close race and that the working class, in particular, were sceptical of the Maastricht Treaty. Even one of the ETUC affiliates, the FO, did not take a clear stance in favour of ratification. No wonder, then, that the earlier atmosphere of "Euro-optimism" was turning to pessimism within European trade union circles.

#### 9.4.2 Sketch of an ETUC strategy

The ETUC Secretariat's proposal, "European Collective Bargaining – ETUC Strategy: Report on the Luxembourg Conference", was forwarded to the Executive Committee meeting 8-9 October 1992. Its main content will be summarised here.

Despite the Luxembourg Conference, the document set out an ambitious agenda for Europeanisation of collective bargaining, with the ETUC in a key role. Recalling that the single market, the EMU, transborder industrial restructuring and soaring unemployment considerably changed the environment, conditions and scope of national collective bargaining, it argued that

"ETUC member organisations are going to need to go *beyond the confines of cultural and national differ-*

*ences* (my italics) in collective bargaining practices and to carry out coherent and co-ordinated policies by learning to co-ordinate national and transnational bargaining issues. The aim will not be to weaken or devolve responsibility from the national bargaining level but rather to give it a new dimension and impetus within a broader framework and a genuine added value.”

The document noted that the MSA had left a large number of issues unclear and contained many loopholes. At such an early stage “we should not take any rigid decisions, but should *experiment* (emphasis added) with this new European dimension of collective bargaining”. It was further suggested that “where there are clearly defined needs it is very unusual if the legal machinery required to meet them cannot quickly be found”.

With reference to the Luxembourg Conference, the document sought to clarify processes to promote “*convergence and supranational co-ordination of European collective bargaining*”. Convergence, which was seen as a gradual harmonisation of demands, would have to occur at four levels (confederal, sectoral committees, transnational companies, and cross-border) and should be pursued with due respect for sectoral and national specificities. It was underscored that such harmonisation

“will also depend on the extent to which European policies and ETUC positions are incorporated in the activities, action, training programmes of the ETUC member organisations and the thinking and action of their leaders and activists”.

Furthermore, the need for strengthened collaboration between different bargaining sectors, including support for strike action, “means that the ETUC also has a role to play in co-ordinating demands”. Therefore,

“each year the ETUC will establish a list of common objectives to be striven for at various bargaining levels, including EC level”.

Concerning the *legitimacy* of the bargaining partners, the ETUC, UNICE and CEEP were identified as the “natural” representatives of workers and employers at European level, while ETUC sectoral and cross-border organisations would have to become “key players” at lower levels. As regards the controversial question of *mandating*, it was emphasised that “a careful monitoring of the negotiators mandate and an informed assessment of the results of this bargaining (...) carried out by the Executive Committee of the ETUC and/or industry committees” would be required. The reformed ETUC “Social Dialogue and Collective Bargaining Committee” was envisaged a key “steering” role.

As to the *nature* of European level agreements, it was suggested they should have a “dynamic framework” character, defining the main objectives to be achieved and guidelines to be followed at the decentralised national and sectoral level, where more concrete and binding content could be developed in account of specific realities.

With regard to possible *issues* for exploring European bargaining, the document proposed amongst others a legal framework guaranteeing basic social rights, access to continuing training, employment and jobs, organisation of work and working time, protection of migrant

workers and working environment. Subjects for sectoral and transnational enterprise levels would be specific to them.

In view of the difficulties that had become clear at the Social Dialogue Summit, the document raised two strategic problems: (1) "the dependence on initiatives from the policy-makers" and (2) "developing a balance of power". As for the first, it was noted that "we cannot allow the bargaining process to depend entirely on political goodwill and initiatives from the legislative authorities". To launch a second Social Action Programme to exert pressure on employers was seen as an "extremely dangerous game to play with the European Parliament", since eventual negotiations would marginalise the parliament. And to put back on the bargaining table legislative proposals which had already failed, like European Works Councils and atypical work, would put the ETUC in an unfavourable position of bargaining.

In view of the legislative deadlock, the document suggested a turn to classical trade union methods of mobilising organisational resources to put pressure on employers and change the balance of power (Martin and Ross 1995: 31). To do this, social dialogue would have to be extended to the level of sectors and transnational companies: "we cannot (...) stay in a relationship which confines the power struggle to the UNICE, CEEP and ETUC Secretariats". The industry committees were envisaged a key role in engaging employers in consultation and bargaining on concrete problems posed by completion of the single market. Combined with accelerated establishment of transnational works councils and initiatives to "provoke national employers into making European social dialogue a concrete reality at national level", this would, it was hoped, pressure UNICE to change its attitude. The idea evidently was that developing social dialogue on other levels might force UNICE to negotiate with the ETUC, presumably because UNICE would otherwise lose influence over developments.

At the organisational level, the document proposed that the ETUC Social Policy and Collective Bargaining Committee be split into two separate bodies. The former should deal purely with legislative matters, while the renamed Social Dialogue and Collective Bargaining Committee would gain a strategic role in governing ETUC negotiating policies. This body should be composed of people that were involved in social dialogue and responsible for collective bargaining at national level "so that they can receive a mandate from the Executive Committee for future bargaining".<sup>20</sup>

This strategy document was, to put it mildly, not well received by the affiliates and at the Executive Committee meeting 8–9 October 1992 the Secretariat was heavily criticised. Due to the late arrival of the document, the leader of LO Norway, Yngve Hågensen, speaking on behalf of the Nordic affiliates, suggested postponement. He was joined by the leader of the German DGB, Heinz-Werner Meyer, who refused to discuss the document before an in-depth discussion could be held with national affiliates. In the Nordic (NFS) pre-meeting (7 October) not only the timing but also the content of the document had been discussed. Swedish delegates termed it a "fucking bad paper" and suggested the ETUC should return to the legislative path. They also criticised the split of the two committees and the vague wording on mandating; "Are we building a negotiating group, capable of experimenting and doing whatever they

like”, it was asked. From the Norwegian side the question was raised “whether we have a mandate from home to participate in real negotiations and how this can be organised”. On the other hand, it did “not seem necessary to ask for reduced tempo since it would evidently go slow anyway”. Swedish and Danish delegates replied that the mandate of bargaining had been transferred to the sectoral level at home, thus inter-sectoral European agreements seemed virtually impossible. Yet, a Danish delegate suggested the ETUC was proposing a self-defeating strategy by assigning such strategic importance to the industry committees. It was also argued that the ETUC dependency on the Commission, as demonstrated at the Social Dialogue Summit, was sensitive and potentially dangerous. Furthermore, it was regarded as unacceptable that only two EFTA representatives were invited to take part in the forthcoming social dialogue meeting 14 October 1992, and it was suggested that the Nordics should protest by not taking part. In the end, however, the Nordics had agreed to participate, but not engage in any negotiations. Evidently, the temperature of the debate was rising.

The Secretariat apologised for the delay, explaining that it was overloaded with tasks related to the emergency crisis of the EC. Policy setbacks occurred across the whole range of areas and the Secretariat was totally absorbed with exerting pressure on governments before the upcoming Edinburgh Summit. The ETUC, co-operating with the Commission and UNICE, was attempting to obtain a new Community initiative on growth and employment, in order to contain the worsening economic crisis.<sup>21</sup>

Clearly, the general stalemate of Community integration and the unemployment crisis spilled over into ETUC policy and threatened to marginalise the question of European collective bargaining. The strategy debate was thus postponed to the December meeting in London, and affiliates were requested to provide written comment and input to the strategy document.

## 9.5 National responses to the Secretariat proposal

### 9.5.1 Overview

In response to the ETUC document on European collective bargaining strategy, many quite detailed comments were submitted from national affiliates to the Secretariat. More profound discussions were apparently evolving at the national level, suggesting the member-organisations had started taking the discussion more seriously. During October–November 1992 considerable exchange of views and documents also took place between different national affiliates, not least at a large-scale conference staged by the ETUC and DG V of the Commission in Athens 9-11 November.<sup>22</sup>

This section will refer the written responses from a number of ETUC affiliates – the Nordic, British, Italian, French, German and Belgian confederations – to illustrate the main different positions of the debate. The purpose is not to pursue any systematic comparative analysis, but

to show the range of diverging views and the tension which was building up, thereby indicating the difficulties the ETUC was confronted with in developing a unison strategy.<sup>23</sup>

### 9.5.2 Nordic responses

LO Sweden emphasised that “*European negotiations is a method, not a goal*”.<sup>24</sup> Although the Maastricht agreement provided new opportunities, “*no experiments with negotiations*” would be accepted. Until a complete analysis and evaluation of the Luxembourg Conference had been undertaken, the ETUC should wait and see. With reference to the diversity of national industrial relations, it was argued that the “*concepts must not be confused*”. In particular it was seen as “important that the expression ‘collective bargaining’ should not be mixed up with other types of ‘negotiations’”. (...) Agreements as a result of such negotiations, are not comparable to legally binding ‘collective agreements’.

As to *legitimacy* of the negotiating parties, LO Sweden underscored that “the confidence in settlements based on international organizations will be dependent on how firmly established such decisions or agreements are among the various principals”. Thus if European agreements were intended to have a binding effect for the member organisations, an explicit acceptance by these would be necessary. The ETUC draft document, however, showed that “the ETUC has not taken into consideration the criticism presented before and during the Luxembourg Conference. The mandate cannot begin at an ETUC Executive Committee meeting, but must develop at the national level within each member organisation and its affiliated national trade unions”. LO Sweden thus complained that “a number of important facts and elements are not dealt with at all in the proposal for an ETUC strategy. What will happen, for instance if one or several member organizations for some reason do not want to take part in negotiations on a certain matter and consequently cannot accept a result of the negotiations? To avoid that such problems will expose the European trade union unity to unnecessary strains, the ETUC should present as soon as possible a proposal describing how an *internal order of decision-making* (italics added), firmly established in the ETUC constitution, should be formulated.”

In particular LO Sweden was concerned about the problem of co-ordination between the confederal and sectoral level:

“We cannot have two ways of making decisions: one via the ETUC Executive Committee and one via the Executive Boards of the industry committees. The risk of different conclusions and attitudes is obvious, therefore the ways of authorising and decision-making must be made clear (...). Thus we cannot accept the risk that agreements from the company or sectoral level will become normative at the national or European level, if this is not done in co-ordinated and controlled forms. The ETUC is the natural co-ordinator in these contexts.”

Further, it was underscored that the legal character and binding force of European agreements must be investigated and that “only what one cannot manage to settle at national level should be settled at European level”, if so, through “dynamically formulated framework agreements, which define an aim”. Still, LO Sweden declared it was

“naturally prepared to negotiate or take part in negotiations on various matters. (...) European negotiations must be based on what is of common interest and exclusively deals with problems which concern several states and which are connected with the effects of the realization of the internal market and the internationalization”.

In view of a suggestion in the ETUC draft that full employment was “utopian”, a much stronger emphasis on Community economic policies for full employment was demanded. For transborder solidarity to become efficient, the right to take international sympathy actions would have to be guaranteed. Finally, LO Sweden reiterated the demand for participation from all EFTA countries in the social dialogue: “Such representation is a direct condition of LO Sweden for its participation in possible future negotiations at European level”.

The latter demand was underpinned by *TCO Sweden*, which made clear that “as far as regulations (...) at the *cross-sectoral level* is concerned, it is the TCO’s view that *legislation* is the natural form”.<sup>25</sup> The opportunities provided by the MSA “for co-operation in order to establish new legislation, or replace legislation” should only be sought “when it can be supposed that this approach will lead to better results than would be achieved via legislation”. In the TCO’s view, European collective bargaining would be most interesting in multinational groups and in the sectors, while the ETUC mainly should have a “supporting role”. As to ETUC co-ordination of bargaining goals and demands, the TCO asked for restraint, “considering the different conditions which prevail, especially at the national level”. The TCO, further, drew attention to the problems arising in the public sector

“due to the fact that employers in public sector are not represented at the European level. This creates particular difficulties for cross-sector agreements which are also intended to cover public sector.”

The main *Finnish confederation (SAK)*,<sup>26</sup> called for a much more precise and realistic analysis. “We have to understand that the question is not only of civilised discussions in Brussels at a central level and work in committees. Whatever will be done must take into account the real balances of forces in society (...) Only if we are able to demonstrate in practice that we have sufficient strength and representativity to negotiate, and also on our part to implement, an agreement, can we engage in real negotiations/bargaining”.

“Trade union rights and particularly collective bargaining rights have to be earned. It would be an illusion to believe that they would be accorded at some new level simply due to tradition or the existence of any given labour market negotiations structures. (...) Extension of collective bargaining rights to a new level (in this case across national frontiers) will be strongly opposed by employers. (...) What needs to be recognised as a point of departure for the ETUC, is that *at the international level, the trade union movement rarely can be stronger than its weakest link at the national level when it comes to real action*. Collective bargaining rights (...) cannot be achieved at the European level only by appealing to the common sense and enlightenment of the bargaining partners – especially if the partners do not exist or do not have a mandate for bargaining”.

In this light, SAK meant the ETUC approach was too much based on “an illusion or unsubstantiated expectations of what is possible (...)”. Regrettably, instead of analysing its aims and the alternatives to achieve them, the ETUC is already (...) adapting aims to perceived situations. This is why it is not possible to grasp the essence of the proposals”. According to SAK,



the vague and unclear terminology, gave rise to confusion, both as to the issues, scope and the overall strategy. Interpreting the ETUC proposal as a call for a "more diversified strategy" operating at a multitude of levels below the ETUC, SAK called for an evaluation of the links between these levels and how progress in them might affect the overall strategy of the ETUC.

"A fundamental problem is that the strategy does not take 'industrial relations' as its starting point. At least from a Nordic view, industrial relations have two basic levels: the level of production and the level of distribution of its benefits."

Although many of the questions of interest to both partners belonged to the first category (production), such as work organisation and working time arrangements, SAK recalled that the actual execution of such issues increasingly took place at a decentralised company level. "Consequently, it would not be realistic to raise such issues high in the ranking order of the ETUC bargaining aims".

While collective bargaining had traditionally focused on distribution, SAK expressed understanding that the ETUC had not in the current situation underlined such aims. Although this touched upon the core of collective bargaining and trade union work, SAK nevertheless suggested that European aims in this area should be defined and promoted, for example by raising discussions about minimum provisions as to working time and wages. "Otherwise we are only moving in the sidelines of our main action."

SAK noted, moreover, that many of the issues suggested by the ETUC belonged to a third category, on which there was mainly national legal regulations, such as vocational training, rights of migrant workers, and occupational health and safety. According to SAK, such categories should be kept conceptually distinct from the more concrete collective bargaining issues to be taken up with employers,

"otherwise we run the risk of creating a muddle of some kind of European income policies where responsibilities and aims get confused with one another in a totally unstructured way".

Despite this critical thrust, the Finnish SAK response suggested a less restrictive approach than the Swedish one, even hinting at starting discussions on minimum wages at the European level.

The *Danish trade union confederations* (LO, FTF, AC) had submitted a joint comment with a different thrust than the blunt LO rejection of European negotiations at the Luxembourg Conference.<sup>27</sup> Mainly conforming with the Swedish views, the bottom line was to emphasise the need to respect national diversities, to clarify the concepts used, and ensure clear-cut mandating procedures. Also the Danes underscored the distinction between "negotiated legislation" and other types of bargaining, stating that "negotiated legislation – directives in relation to the social base – is a clear task for the ETUC and its affiliates". A change of view had evidently occurred among the Danish associations, leading to acceptance of the MSA concept of European negotiations. However, "in this connection one should differentiate between regulations influencing employment law in relation to national methods of regulation and

other areas of regulating social and fundamental rights". The latter were considered as most suitable for legislation. As far as wages and working hours were concerned, "the national level will continue to be the relevant one".

Also the reply from *LO Norway*<sup>28</sup> in general conformed with the Swedish response, but was more restrictive as to European negotiations. Stress was laid on the necessity to ensure "establishment of a social platform, a minimum foundation throughout the EEA that ensures both social and trade union rights", based on equal participation of EFTA organisations, requiring financial support from EFTA governments.<sup>29</sup> It should be noted that Norway at the time was the only Nordic country that had not applied for EC membership and that this was an extremely sensitive issue within Norwegian trade unions. "As to negotiations between the ETUC and UNICE we see, for the time being, limited possibilities, partly due to the lack of legitimacy of the UNICE and partly since the employers' side will hold back. However, we realize the importance of discussions/negotiations to effect recommendations/proposals for regulation in the social field in the EC and EEA". Underscoring the importance of efforts to influence the governments, the Councils of Ministers and the Commission, the Norwegian LO went on to say, "we thus join the other affiliates in emphasizing the legislation as a method to reach common rules in the European Community and the EEA. (...) At the same time we see the possibility of a combination of negotiations and the legislative way". LO Norway also made it quite clear that

"European wage negotiations is not an issue. National bargaining sovereignty remains. (...) European bargaining do not commit national organisations in their national bargaining".

In general the responses of the *Nordic confederations* displayed a common pattern, reflecting their close co-ordination within the NFS. They were sceptical of the feasibility of European negotiations and were deeply concerned about securing a proper "bargaining order" that could guarantee legitimate mandating, conduct and ratification of possible European agreements. This also reflected their distrust of the ETUC Secretariat, which, in their view, did not comprehend the issues at stake, as illustrated by its forging of the 31 October agreement. Still, despite their preference for legislation, a move towards acceptance of "negotiated European legislation" could be observed. A common feature was also the insistence on strict ETUC co-ordination of sectoral developments, particularly pronounced in the Swedish case. Within this overall common pattern, it seemed that the Finnish SAK was leaning towards a more radical stance, illustrated by its suggestion to include minimum provisions on wages and working time in the debate about European negotiations. Altogether, if the Nordic confederations had been on the sidelines during the 31 October negotiations, their detailed and thoroughly worked out responses, combined with the active promotion of their views in ETUC circles during the autumn of 1992, signalled increased involvement of the Nordic affiliates in shaping ETUC policies.

### 9.5.3 Italian and French reactions

*The Italian organisations (CGIL-CISL-UIL)*, which had been keen promoters of the 31 October agreement and of European negotiations, submitted a joint comment.<sup>30</sup> This basically approved the overall approach of the proposed ETUC strategy document. Some amendments were, however, suggested.

First, the Italian affiliates suggested that social dialogue should focus more on qualitative than quantitative aspects of employee rights and standards. Moreover, they suggested that, in the context of EMU integration and completion of the single market, one objective should be rapprochement of the systems of industrial relations in the different European countries. At the confederal level, the Italian confederations suggested the social partners should consider starting negotiations in areas where they judged a Commission initiative was useful and a new space of bargaining could be envisaged, related to application of Community policies through framework agreements, integrating and supporting Community objectives. As to possible issues for European negotiations, the Italian organisations agreed with the ETUC proposal, but suggested adding, among others, the process of reconversion and new technologies. At the sectoral and company levels, issues for European negotiations could include monitoring of productive dynamics, investments and the impact of new technology on employment, together with training, working time and work organisation.

As regards trade union strategy, the Italian affiliates emphasised that development of truly European negotiations on concrete themes would have to take into account the difficulties of constructing “des action de lutte européennes” which “demande une réflexion diligente”. The transnational enterprises were envisaged as the level where direct autonomous contractual relations could most feasibly be established, where concrete issues could be identified, workers could be engaged, and where a “rapport de force” and precise mandates could be developed.

“La réalisation d’un certain nombre d’accord à ce niveau sur des thèmes cités (...) constitue en soi un élément de pression pour faire avancer processus de négociation aux niveaux sectoriel et interprofessionnels, même dans le seul but d’éviter la désarticulation.”

Thus, autonomous bargaining was envisaged to grow through pressures from below, but the social partners should as far as possible utilise the space created by the MSA to develop bargaining practices.

The *French FO*<sup>31</sup> saw the ETUC document as mainly a repetition of traditional ETUC views. Given that the social dialogue had entered a gridlock, which, according to FO, “ne pourra être surmonté que par le développement d’un rapport de force débouchant sur un phase de conflit”, the way to improve the power of the ETUC should be clarified and emphasised. Hence the document should not spend many words on convergence and co-ordination, but clarify a set of common ETUC demands which should be presented early in the paper. Moreover, with reference to the weak employer structures, FO warned against attempts to develop negotiations in transborder regions, before the conditions had been prepared at sectoral and inter-

sectoral level. Finally, given the number of different organisations in each country, FO argued strongly that the ETUC should not accept that only one national union representative should be allowed to take part in social dialogue meetings.

Contrary to the FO, the *French CFDT*,<sup>32</sup> which was one of the most keen promoters of European integration in the ETUC, had made clear at the Luxembourg Conference that it supported a broad, open and experimental approach to European negotiations. Thus the CFDT had no substantial objections to the ETUC document – which illustrated the division of views among the French affiliates. However, the CFDT, like FO, drew attention to the problem that only one of the three French organisations was represented in social dialogue meetings, hereby indicating the underlying tension over how this representation was organised.

#### 9.5.4 British TUC response

After its turn from EC opposition in 1988, the British TUC had become generally positive to European measures that could bolster the position of trade unions in Britain. In a very brief reply to the ETUC, the TUC stated that “overall the document effectively addresses the main points at issue and its thrust is welcome”.<sup>33</sup> The TUC, however, voiced reservations against formulations that alluded to potential conflict with UNICE, “somewhat out of keeping with the remainder of the analysis which very sensibly sticks to the question of what kind of pressure may be brought to bear upon the employers at European level. Realistically the emphasis should be on finding common approaches and backing those by political pressure”. With reference to the joint declaration on a co-operative growth strategy which “ties employers into a process of dialogue which is being taken forward”, the TUC envisaged

“realistically, the developing perception of common interests will be the motor of the social dialogue. ‘Opposing’ the employers at the EC level is a rather shallow strategy.”

Further, the TUC comment concentrated on the need to build up stronger “information and contact networks” within the European trade union movement. The TUC agreed that union pressure would have to be built bottom-up through the national, MNCs and sectoral levels, but underscored that this required a strengthening of the industry committees and “co-ordination and information between actors at different levels needs to be taken into a new phase”. In too many cases, it was argued, there was duplication of efforts, combined with a failure to communicate across the whole trade union movement. “Only by knowing what is actually happening in companies and sectors can the European trade union movement hope to develop an effective strategy for European level discussion with employers.”

The TUC approach was more thoroughly elaborated in an article by TUC assistant general secretary, David Lea, “Europe: Laws and Framework Agreements. An opportunity for Trade Unions” (1992). This article, which was circulated to other ETUC affiliates, made a strong plea for European framework agreements as a “new opportunity for many millions of workers to be covered by collective agreement”, giving “space within the framework to facilitate national

and local collective agreements" in line with the principle of subsidiarity (Lea 1992: 15). Addressing the issue of extending agreements, Lea suggested the British "traditional types of collective bargaining without legal backing are increasingly doubtful as a route to verifiable contracts of employment" (ibid.: 15). Given the diversity of industrial relations in Europe and the impossibility of importing one single model, Lea, with reference to the legally founded German Works Councils, suggested that

"we have to go some way to accepting a marriage between some organisational aspects of the German system, otherwise it is hard to see how we can maintain any momentum on the Social Action programme; but the substantive terms of European frameworks will often be below German standards. (...) The gap between advanced and minimum standards now runs the risk of causing a crisis of credibility, it is to some extent a crisis of misunderstanding but we are certainly facing an impasse as regards acceptable outcomes. Such a trade off for the Germans is in my view the key to resolve it" (Lea 1992: 15-16).

### 9.5.5 The German response

The German DGB had, as shown in section 9.3, loudly voiced its scepticism of the ETUC Secretariat's approach to European negotiations at the Luxembourg Conference. In view of the fact that the DGB had been a leading instigator of the reforms of the ETUC at the 1991 Congress, and that the DGB had taken part in the negotiations of the 31 October agreement, the critical German stance was surprising. As will be shown below, the change of German approach reflected domestic union tensions, partly between industry unions and confederal forces of the DGB, partly between actors within the DGB responsible for collective bargaining and actors involved in European social policy.<sup>34</sup> These tensions mirrored deep-seated traditions and power relations in the German system of industrial relations, marked by the prominence of industrial bargaining, but also reflected the way the 31 October agreement had come about.

When the industry unions and the collective bargaining department of the DGB became aware of the strategic perspectives central forces in the ETUC projected into the 31 October agreement and the MSA, a swift process of reinterpretation and repositioning took place. As a consequence, the DGB, in close co-operation with IG Metall in particular, initiated a forceful campaign to influence and reshape the ETUC strategy debate.

The initial passivity and the subsequent rise of awareness, involvement and policy-shift of German unions provides an illustrative example of the interaction between European and national developments in shaping trade union Europeanisation. I will, therefore, describe in some detail how this process, which was eventually to have decisive impact on the development of ETUC policy, evolved.

#### *The neglect and the backfiring of the 31 October agreement*

As shown in chapter 8, the Social Dialogue Ad Hoc Group which negotiated the 31 October agreement was composed of people not directly engaged in national collective bargaining. The DGB was sometimes represented by persons from the social policy/labour market depart-

ment, sometimes from industrial and economic policy department,<sup>35</sup> while those responsible for collective bargaining were not really aware of what was going on: “We thought it was some kind of European discussion forum on social policy and became involved far too late”.<sup>36</sup> During 1991 the proceedings had been briefly referred to in an informal “Working Group Europe” in the DGB, but the questions raised by the collective bargaining department had not been taken seriously.

When the issue finally came to the DGB Bundesvorstand early in December 1991, after the 31 October agreement had been settled, a dramatic turn occurred.

“Im Tarifpolitischen Ausschuss und auf der Sitzung des Bundesvorstandes vom 4. Dezember wurden hierzu erhebliche Bedenken geäußert. Der Vorschlag biete Handhabe für eine fragwürdige Verlagerung sozialpolitischer Aufgaben der Kommission auf die europäischen Sozialpartner. Darüber hinaus stehe es *nicht im Einklang mit unserem Verständnis von Tarifautonomie*, wenn zum einen ein Mitgliedstaat die Umsetzung von EG-Richtlinien den Tarifparteien auferlegen könne, und wenn zum anderen die grenzüberschreitende Normsetzungskraft von europäischen Tarifverträgen von einer befürchteten ‘Lizensierung’ durch die Kommission bzw. den Rat abhängig gemacht werde. Im übrigen wurde bemängelt, dass *im DGB keine ausreichende Gelegenheit zu vorheriger Diskussion des Vorschlages vorhanden war*” (Kreimer-de Fries, 1992a).

In particular the president of IG Metall, Franz Steinkühler, held a strong speech in which he criticised the authors of the 31 October agreement, with which he was not at all “*einverstanden*”. He expressed concern that it was in conflict with the “*Tarifautonomie*”, that it had not been properly discussed in the DGB, and suggested that the responsible actors in the DGB had “*acted behind the backs*” of the member associations. Also the public sector union, ÖTV, was highly critical. The DGB representatives in the Ad Hoc Group tried to defend the 31 October agreement, but the firm opposition of several industry unions seemed to suggest that what was at stake was the DGB support of the upcoming Maastricht Treaty revision.

A compromise formula was thus swiftly invented: the DGB, on the following ETUC Executive Committee meeting the 5-6 December 1991, would welcome the proposed treaty, but the DGB would not support the 31 October proposal of the social partners. Instead, the demand should be raised that a proper basis for legally binding transborder collective agreements must be secured by the treaty revision.<sup>37</sup> According to my sources, this view of the DGB was never presented in the subsequent meeting of the ETUC Executive Committee.<sup>38</sup> Hence, it took the ETUC Secretariat and other affiliates by surprise when the Germans started “*digging their heels in*” in the Maastricht aftermath.

#### *The revised DGB approach*

After the German policy turnabout started at the meeting of the ETUC Social Policy and Collective Bargaining Committee late January 1992, a strategic approach to regain influence on (and control over) ETUC developments was worked out in the following months. The premises for this strategy were set out in several discussion papers from the DGB Tarifabteilung,<sup>39</sup> in close co-operation with key industry unions and German union networks related to the European Metalworkers’ Federation. A position paper was eventually adopted

by the DGB Bundesvorstand 5 May 1992 – *Gewerkschaftliche Handlungsansätze in der Europäischen Gemeinschaft nach dem Gipfel von Maastricht* – among points sketching the approach to be followed by German unions with regard to European collective bargaining.

In the position-paper the DGB did welcome the Maastricht agreement to deepen Community integration: – “Das Ziel, die Vereinigten Staaten von Europa zu schaffen, ist seit dem Abkommen von Maastricht zweifellos nicht mehr unerreichbare Utopie”. Considerable concern was, however, expressed with regard to the political and social deficits of the new treaty, aggravating the “anhaltenden Verschiebung der politischen Machtverhältnisse zugunsten der Unternehmen”. The DGB therefore called for a fundamental strengthening of European trade union structures:

“Es ist offensichtlich, dass die Beschleunigung des europäischen Einigungsprozesses ebenso wie die Perspektive europäischer Kollektivverhandlungen zu einer grundlegenden Erneuerung und Stärkung der europäischen Gewerkschaftsstrukturen führen müssen. Die Stärkung des EGB (ETUC) durch die Beschlüsse des Luxemburger Kongresses konnte deshalb nur ein erster Schritt sein. Dem müssen entsprechenden Beschlüsse zur Stärkung der Europäischen Gewerkschaftsausschüsse folgen. Die deutschen Gewerkschaften stehen als einer der stärksten Kräfte im Konzert der europäischen Gewerkschaften in der Pflicht, die Zusammenarbeit (...) voranzutreiben und die europäischen Gewerkschaftsstrukturen zu stärken” (ibid.).

Despite concern about the British “opt-out”, the DGB argued that the Maastricht Social Agreement should be utilised to break the blockage of Community social policy, even though it contained a certain danger that lengthy “quasi-negotiations” could obstruct policy progress. As to collective bargaining, the DGB referred to the restrictive implications of the EMU:

“die Kollektivverhandlungen [werden] überall noch stärker mit Fragen der Wettbewerbsfähigkeit und der Beschäftigungspolitik belastet werden. Die Einheitswährung wird den Druck zur Lohnangleichung zwischen den Mitgliedsstaaten verstärken, insbesondere zwischen Regionen mit vergleichbarem Produktivitätsniveau und innerhalb transnationaler Unternehmen. Die Kehrseite einer interregionalen Angleichung wäre womöglich die Tendenz zu stärkerer innerstaatlichen Lohndifferenzierung zwischen Branchen und Regionen – mit den daraus folgendend Problemen für den gewerkschaftlichen Zusammenhalt” (ibid.).

The implications of these tendencies for collective bargaining strategies required, according to the DGB, an intensive process of clarification within the trade unions at national and European level. In this process German trade unions would assume a particular responsibility, due to their strength and the weight of German industry:

“Zweifelloos kommt den deutschen Gewerkschaften aufgrund ihrer tarifpolitischen Durchsetzungsfähigkeit und des Gewichtes der deutschen Wirtschaft eine besondere Verantwortung für die kollektivvertragspolitischen Entwicklung in der Gemeinschaft zu (...)” (ibid.).

In the DGB view, stronger co-ordination of bargaining policies was necessary, primarily at sectoral level in the member-states through the ETUC industry committees,<sup>40</sup> but also cross-sectoral co-ordination of national bargaining demands at the ETUC level was called for. However, since the DGB demand for cross-border normative effect (Normsetzungskraft) of European agreements had not been anchored in the new treaty, the MSA represented no sat-

isfactory substitute:

“Die konkreten Bestimmungen zur Durchführung bzw. Umsetzung derartiger Vereinbarungen enthalten erhebliche Unklarheiten über deren Rechtsnatur, Bindungswirkungen und Normsetzungskraft. Darüber hinaus werfen die im Sozialprotokoll niedergelegten Bestimmungen gravierenden gewerkschaftspolitischen Fragen auf, von deren Diskussion und Beantwortung im DGB und im EGB (ETUC) das Ob und das Wie der Nutzung des Instrumentes der Sozialpartnervereinbarungen abhängig gemacht werden muss” (DGB 5 May 1992).<sup>41</sup>

The DGB consequently made clear, as was followed up at the Luxembourg Conference, that transfer of any general mandate for European negotiations or any permanent mechanism (*Einrichtung*) for production of social partner agreements was out of question. A mandate would have to be delegated from case to case; member organisations could not be bound or obliged by any agreement to which they had not explicitly transferred a mandate,<sup>42</sup> and, finally, insofar as these preconditions were not established, the DGB and its affiliates would go against European agreements.

“Schliesslich werden die Mitgliedsgewerkschaften und DGB unter strategischen und pragmatischen Gesichtspunkten die Frage klären, für welche Gegenstände sie europäische Vereinbarungen sektoraler oder gesamtwirtschaftlicher Art überhaupt sinnvoll und wünschenswert halten” (*ibid.*).

In effect, European negotiations within the new Maastricht institutional frameworks were not directly rejected, but their value to European trade unions was seriously questioned.

#### *The distinction between collective bargaining and social dialogue negotiations*

The German approach to European negotiations was spelled out in more detail in the mentioned discussion papers from the DGB Tarifabteilung (Kreimer-de Fries 1992a, b). Here it was argued that agreements of the type envisaged in the MSA, from a German viewpoint, could not be conceived as collective agreements. In the absence of legal possibilities of using trade union force and thus being dependent on employer consent, it was argued, such agreements could only be of limited use to promote workers' interests:

“Für Gegenstände kontroverser Interessenstandpunkte sind die Vereinbarungen kaum geeignet (...). Vor dem Hintergrund unseres eigenen tarifpolitischen Systems sind die Bestimmungen (...) eher als Weiterentwicklung des Sozialen Dialogs denn als Rahmenbedingungen für europäische Tarifverträge zu interpretieren” (Kreimer-de Fries 1992b: 7).<sup>43</sup>

For German trade unions this distinction was essential. On the one hand it underscored the weakness of the new institutional framework, on the other hand it allowed them to distinguish agreements stemming from social dialogue (*Vereinbarungen*) from genuine collective agreements (*Tarifverträge*), which, according to the principle of *Tarifautonomie*, belonged to the prerogative of industry unions.

Before the Luxembourg conference an active German role was argued for, especially because the German distinction could not be expected to be commonly shared: “Wir werden bei dieser Debatte nicht davon ausgehen können dass die oben vorgeschlagene



Unterscheidung (...) schon 'Gemeingut' der europäischen Gewerkschaften wäre" (Kreimer-de Fries 1992b: 8).

Besides the sensitive issue of mandating, deep scepticism was expressed as to the envisaged Council route of implementing agreements:

"Zugespitzt müssen wir uns fragen, wieweit eine solche Praxis eine Vorprägung künftiger europäische Kollektivverhandlungen im Sinne eines staatsabhängiges korporativen Regelungssystems bedeutet" (ibid.: 6).

Underscoring that European employers would have an interest in reaching agreement with the trade unions only for the purpose of postponing, watering down, or blocking legislative initiatives, the negotiating path of the MSA was deemed politically questionable (generell politisch fragwürdig). Moreover, in view that parts of the ETUC were playing with the idea of using legislative threats as a means (Lockmittel) of reaching European agreements, it was warned that

"Von Standpunkt autonomer, selbstbewusster Interessenvertretung aus betrachtet, ist diese Vorstellung zumindest befremdend und nährt die Befürchtung, dass ein unreflektierter Gebrauch des neuen Instrumentariums der Sozialpartnervereinbarungen die Gewerkschaftspolitik auf der europäischen Ebene auf ein falsches Gleis geraten lässt" (ibid.: 7).

Thus the envisaged accords between the European social partners should be considered of secondary importance (untergeordneter bedeutung) on the road to European collective bargaining, and should, owing to its risky political character, be used with great caution (ibid.: 7–8). Still, it was admitted that

"Bei kritischer Nutzung kann das Instrument der Sozial-Partner-Vereinbarung möglicherweise dazu beitragen, den Dialog der Sozialpartner auf Gemeinschaftsebene *verbindlicher* zu machen und neue Verhandlungsräume zwischen Gewerkschaften und Arbeitsgebern zu eröffnen. Dies erscheint besonders auf der europäischen Branchenebene dringlich" (ibid.: 8).

#### *The DGB response to the proposed ETUC strategy document*

On this background it was no surprise that the proposed ETUC strategy document (see 9.4.2) was not embraced by the DGB. Before the DGB submitted its comments to the ETUC, inputs were gathered from the industry unions. Especially critical was IG Metall, who suggested that the learning capacity of the ETUC Secretariat was limited:

"...die Lernfähigkeit des EGB-Sekretariats offenkundig sehr gering ist, ja muss man sagen gleich Null ist. Denn eigentlich atmet die Vorlage des EGB-Sekretariats einen Geist, also ob es die Gesamte Konferenz in Luxemburg und die kritischen Diskussionen, die in Luxemburg geführt worden sind, überhaupt nicht gegeben hätte".<sup>44</sup>

Further, the IG Metall comments reiterated the views presented at the Luxembourg Conference and indicated that a complete rewriting of the ETUC document would be required. Again stressing the continued key role to be played by national bargaining

(strengthened and complemented by improved European co-ordination of demands, primarily at the sectoral level), the need for strict application of the subsidiarity principle was emphasised:

“...muss die Priorität auf der Ausarbeitung von gemeinsamen Zielen, Forderungen und Durchsetzungsstrategie auf der Ebene der Branchen Ausschüsse sowie – strikt unter Beachtung des Grundsatzes der Subsidiarität – auf der Ebene der Bünde liegen.”

With reference to the ETUC disappointment over the Social Dialogue Summit 3 July 1992, which according to IG Metall was fully predictable, it was noted that this

“bestätigt doch, dass wir mit unserer Haltung recht behalten haben: Wenn wir von uns aus keine autentische Gewerkschaftsbewegung entfalten, wird uns UNICE an der Nase herumführen und werden wir auch von einem europäischen Gesetz- und Richtliniengeber keine Ausgestaltung der sozialen Dimension erreichen.”

The IG Metall views were integrated into the DGB reply to the ETUC, which contained a whole list of twenty-six amendments, in effect amounting to a complete rewriting of the document.<sup>45</sup> It was in particular requested to take better account of the critical discussions at the Luxembourg Conference. Furthermore, a restructuring of the document was suggested, according to the German distinction between social dialogue and real collective bargaining which was considered to be the key priority. The main thrust of the German comments was expressed in the subsequent passage:

“Die europäische Gewerkschaftsbewegung muss in der Lage sein, unabhängig von den suprastaatlichen Instanzen der Gemeinschaft in voller Autonomie Kollektivverhandlungen mit der Arbeitsgeberseite durchzusetzen, um Arbeitsbedingungen grenzüberschreitend zu regeln, soweit dies dem Interesse der Arbeitnehmer entspricht. Das grösste Hindernis auf diesem Weg bleibt auf absehbare Zeit die Weigerung der Arbeitsgeberseite sich entsprechend zu organisieren, zu verhandeln und verbindliche Abkommen zu schließen.

Die Frage nach den geeigneten Verhandlungsebenen sowie den durchsetzbaren Inhalten und Arten von Abkommen ist also im hohen Masse abhängig vom jeweiligen Kräfteverhältnis, von der Möglichkeit der Gewerkschaften, grenzüberschreitend Druck auszuüben und die Fähigkeit zur kollektivvertraglichen Durchsetzung bis hin zum europäischen Streik zu erlangen. Nur auf Grundlage eines solchen Kräfteverhältnisses können autonome Verhandlungsstrukturen (...) ausgebaut werden” (DGB 6.11.1992).

The DGB reply stated that this in the end would depend on the strength and organisation of trade unions at national and local level; the role of the ETUC, in view of the DGB, was seen as primarily one of political co-ordination and support of sectoral developments. Still, a deepening of the social dialogue was regarded as positive, in the form of joint statements or through “accords” (Absprachen) over central issues of social policy, industrial policy and minimum labour standards.

Thus, despite all the strong wording, criticism and radical calls for a genuinely transnational collective bargaining, the DGB in the end seemed reluctantly to accept a cautious use of the new Maastricht options.

### *Summarising remarks*

A plausible interpretation of the German “turnaround” and flexing of muscles was that the DGB, pressured by its industry unions, wanted (1) to make sure that no European developments would be initiated which could interfere with domestic German practices and power-constellations; (2) to make the German perceptions of the appropriate mode of trade union integration known to their European fellows; (3) to regain German control over European trade union developments; and (4) to make sure that the ETUC Secretariat, dominated by Euro-enthusiast Latin forces more familiar with traditions of political unionism than collective bargaining of the German type, did not move beyond its competence. The bottom line thus seemed to be that any moves towards supranationalisation of trade union co-operation should be based on strict control and supervision by the national constituent units.<sup>46</sup>

In this sense, the German and the Nordic responses were of similar character, although different emphasis was laid on the role to be played by confederal and sectoral union agencies. In the German case, however, the impact of domestic power-relations was more pronounced, notably that certain industry unions had cracked down on DGB tendencies to act on behalf of German unions – possibly to enhance its own domestic position in the midst of difficult processes of domestic reform and reunification – without securing domestic legitimacy and consent to such moves. Clearly, Euro-level negotiations like those that had facilitated the 31 October agreement, run by confederal political secretaries, were deemed unacceptable for the future. Notable yet, was that the initial rejection of the 31 October agreement during the process had been replaced by a strategy in which a restrictive use of “negotiated legislation” was accepted.<sup>47</sup>

### **9.5.6 Belgian response**

The Belgian affiliates of the ETUC (the Socialist FGBT and the Christian CSC) have traditionally been dedicated advocates of deeper European integration, both in general and among the trade unions. In principle they favour the idea of a Federal Europe, reflecting their role in a small country located in the core of the European economy, strongly influenced by developments in Germany and France. Accordingly, the Belgian affiliates had been central actors behind the 1991 Congress reforms and the 31 October agreement, which was inspired by the Belgian practice of extending outcomes of central agreements to the whole work-force by royal decree. In the run-up to Maastricht the concept of “negotiated legislation” actually had been forwarded by the Belgian Labour Minister (van den Brande) at Community level, and the Belgian employer representatives had been key players in securing acceptance for this concept in UNICE.<sup>48</sup>

Thus, in striking contrast to the German trade unions, Belgian unions had no difficulties in coming to grips with the idea and implications of European negotiations within the framework of social dialogue. For them this was familiar terrain. With a fairly integrated, multi-level national system of industrial relations, based on “*erga omnes* procedures” and close co-operation with the political system, the Belgian trade unions played a withheld role in the noisy

struggle of interpretation and positioning unfolding within the ETUC in the Maastricht aftermath.

The Belgian participants mainly tried to clarify that peak-level negotiations within the social dialogue were only intended to address general minimum labour standards and define a European social platform to inhibit social dumping. In other words, it was seen as a mode of political regulation, potentially allowing trade unions to gain a more direct influence than through ordinary Community legislation. Aware of the limitations, given the fragmented and unwilling employer counterpart, Belgian trade unions did not see this as any alternative or threat to national collective bargaining, rather a complementary underpinning of the trade union aspiration to develop real transborder collective bargaining.

Hence, Belgian representatives had no difficulty in understanding the German insistence that trade union counter-power would have to develop from “below” and rely on genuine conflictual power at the sectoral level.<sup>49</sup> They tended, however, to see the German excitement as an expression of conceptual confusion, reflecting the particular German system of industrial relations. As one Belgian union source explained, “while German unions mainly negotiate on wages and working time, leaving the rest for the legislator, we are used to negotiating on a whole range of societal issues”. Moreover, the Belgian union representatives were embarrassed by the “high-handed” approach the German unions adopted when they at last reacted, reflecting what they saw as a protectionist response in line with the classical German concern about defending their own national system and power.<sup>50</sup> The late awakening of German unions was thus seen as a typical expression of their neglect of European trade union policies, suggesting that they had not even bothered to care about what was underway at European level, until they later came in, making a lot of complaints and clumsy power plays.

Working in a country with unilaterally fixed exchange rate with the German D-Mark and closely integrated economies, implying that the scope for Belgian collective bargaining was decisively influenced by German agreements and interest rate policy, Belgian unionists had long been frustrated by what they saw as egocentric perceptions and policies of German trade unions. In the metal sector, Belgian unions thus often referred to the IG Metall as a “Social Bundesbank”, in effect determining bargaining conditions in neighbouring countries: “When we should start bargaining in the Belgian metal sector in 1992, the employers called the German Gesamtmetall which were discussing a moderation pact with Steinkühler and Kohl”<sup>51</sup>

On this background the radicalist rhetoric of “proletarian internationalism”, which marked the German intervention in the ETUC strategy debate, was seen as being somewhat off the target and partly in contradiction to actual German practices. Nonetheless, it was taken as a positive sign that German industry unions finally began to engage themselves in ETUC affairs and started showing interest in learning about what was going on also in other countries, after years of absence and ignorance.<sup>52</sup>

Despite their overall positive and pragmatic attitude to ETUC integration, the Belgian unions through 1992 became increasingly frustrated at the development of social dialogue

and the way the ETUC Secretariat handled it. As one Belgian unionist complained to me, "The Maastricht Social Protocol is indeed essential in the long run, but the European trade union diplomacy is over-optimistic and have no realistic expectations".

Critical also of the ETUC Secretariat's dependency on key Commission figures, Belgian union representatives expressed increasing misgivings about what they saw as "*playing tactics with no foundation in strategy*":

"It is not enough to get Delors to the meetings and cast a glance over events, he has his own agenda, but we have to develop our own trade union agenda. So far the social dimension is an empty box".<sup>53</sup>

Although progress had been made after the 1991 Congress, the ETUC Secretariat was still seen as captives of their "lobbyist-spirit" and did not take the lead in developing real trade union mobilisation, according to the FGTB.<sup>54</sup> Instead of pursuing a lot of wishful theoretical debates and paper-work within the union apparatus, "putting the cart before the horse", Belgian unions called for mobilisation of members and workers to oppose the negative developments occurring:

"We are prepared to give the ETUC the mandates they need, though on a case-by-case basis, in order to start doing things, but the trade unions of the big countries have been paralysed by the Maastricht crisis and the TUC and the DGB are not used to inter-sectoral action."<sup>55</sup>

Thus, the Belgian trade unions did not attribute the debate over the ETUC strategy document particular importance, although it was recognised that certain questions had to be clarified: "il y a encore un grand nombre d'ambiguïtés quant à cette possibilité pour les interlocuteurs sociaux de légiférer" (...). La discussion sur la stratégie à suivre au sein du Comité Exécutive de la CES n'est certainement pas encore terminée. Beaucoup de questions ont été soulevées et réclament encore des éclaircissement" (FGTB 23.11.1992). Considering that the employer interlocutor was still "uniquement un lobby patronal" without mandates, FGTB and CSC urged practical political action on the European level with emphasis on macro-economic initiatives and launch of a second social action programme to exert legislative pressure on employers.

The Belgian call for practical mobilisation was rooted in two interrelated conceptions: (1) the predominant and inadequate national orientation of key ETUC affiliates; (2) the acute economic and employment crisis, being aggravated by the convergence programmes associated with the EMU. Criticising the far too positive attitude that the ETUC had adopted to the Maastricht treaty, FGTB and CSC emphasised the democratic deficit and lack of economic and fiscal competencies attributed to the Community. In view of the severe economic-political setbacks that were causing conflict and trade union revolt in Belgium and several other countries, the FGTB and CSC wanted a reorientation of ETUC policy towards active joint opposition of current Community policies, focusing on measures to redefine the convergence programmes, offset fiscal dumping and create macro-economic policies conducive to stimulate employment.

"Each national trade union movement fights national governments, while they are in fact pursuing European policies. We have no real European strategy. At our last ETUC meeting the Dutch leader was absent, signing a wage freeze at home; at the previous meeting the DGB president was absent, discussing a Solidarity-pact in Bonn; the Italian fellows have had to give up the 'scala mobile', while being fought by their members in the streets; Spanish unions have been striking against Gonzales and in Belgium the situation is extremely difficult, with proposed deep social cuts. While all this is happening we discuss abstract principles, not reality, in the ETUC, which has never mobilised workers to counteract these policies".<sup>56</sup>

Since national union leaders are elected to pursue domestic causes and are dependent on domestic support, they are not oriented to European tasks. They will be masters in their own house and they refuse to discuss their domestic problems and won't let other intervene, a Belgian informant complained. – "But we could at least inform each other, which would be more useful than many of these Euro-Dialogue discussions".<sup>57</sup>

*To sum up*, the Belgian trade unions illustrated yet another kind of response to the ETUC strategy debate. Pushed into the corner at national level and ideologically in favour of more, not less, European trade union integration, they perceived the principle reservations raised by the Nordic and German fellow unions as expressions of protective national interests. The approach of the ETUC Secretariat, on the other hand, was conceived as unrealistic, bureaucratic gestures from European trade union diplomats, captured by the logic of and loyalty to Commission attempts at crisis-management. Instead, the Belgian trade unions called for transborder mobilisation of trade union members to protest against the effects of Community policies.<sup>58</sup>

## 9.6 Stalemate, cleavage or compromise?

### 9.6.1 Stalemate

The ETUC Executive Committee meeting in London 2–3 December 1992 was asked to adopt a revised version of the strategy document on European collective bargaining that had been worked out by the Secretariat.<sup>59</sup> When presenting the new proposal, Jean Lapeyre of the ETUC Secretariat reported that fourteen letters with comments had been received from the affiliates. Efforts had been made to integrate these into the text, which he suggested could be conceived as a kind of "Trade Union Treaty". Reflecting the comments of the affiliates, Lapeyre (1) emphasised the need for a cautious, consensus approach, one in which the sectoral and company levels seemed the most appropriate for developing collective bargaining; and (2) he affirmed that constitutional rights of cross-border action would be a top priority for the ETUC in the coming years.

Both in content and structure the ETUC proposal had been substantially changed, evidently influenced by the criticism from the affiliates (the main amendments are summarised in the following endnote).<sup>60</sup> Still the affiliates were not prepared to accept the text. The *German DGB* representative considered the document a good basis for further discussion,

but argued there was a need for more time and in-depth analysis of the problems, especially as to mandates and control of bargaining remits. Noting that the debate had now started in the DGB member organisations, prudence was what was called for, he said, concluding that adoption of the document would again have to be postponed. This view was supported by a majority of affiliates, especially from the Northern countries, whereas some of the Southern unions expressed impatience and meant many of the principal questions would have to be resolved along the road.

### *The debate on European negotiations at the London Executive Committee meeting 2–3 December 1992*

The *French FO* supported the German view and warned against internal disputes if a real debate was not allowed to unfold. The still lacking assessment of the Luxembourg Conference was criticised as a shame and disagreement was expressed as to the ETUC aim of co-ordinating (and controlling?) national bargaining, implying an ETUC omnipresence. The priority of European collective bargaining should be at (1) the inter-professional level and (2) the sectoral level, while the references to transnational works councils and trans-border regions should be rejected. Accordingly, the FO concluded the document was rather to be considered as a discussion paper than as a strategy document.

The *Italian* representatives also felt that the document had been improved, but still was too abstract, lacking clear priorities and a clear message, and he suggested that a development from below was required, although confederal co-ordination was important. Moreover, national affiliates were urged to sort out how to handle mandating and define their priorities.

The *French CFTD* representative, as the first speaker, supported the text, which he considered to be clear and good. Accordingly he asked whether the affiliates really had reached a consensus about development of European negotiations, which in principle had been agreed before. If yes, it was time to define how and go ahead with a gradualist, pragmatic approach, putting an end to abstract theoretical discussions.

The *Dutch FNV* representative also appreciated the document as an improved basis for further discussion, but asked for clarification of relations between the ETUC and the sector organisations. He also questioned the idea of a second social action programme and that the ETUC should co-ordinate national bargaining demands.

The *Swedish LO* representative agreed that great progress had been made, but felt that unacceptable formulations about "experimenting" with European negotiations still remained. Referring to the comments submitted by LO Sweden, it was emphasised that equally important as strengthening the legal frameworks, was to create an internal structure and bargaining order, requiring an overview of ETUC statutes with the purpose of enhancing legitimacy and national anchoring. Also *TCO Sweden* appreciated that national comments had been so well received, but urged to "make haste slowly" on the basis of realism and consensus, securing national control over the process.

The *IG Metall* representative, present in the ETUC Executive Committee for the first time for years, stated that it was no wonder controversies were sharpened, since the issues now started touching on core issues of trade unions. Thus it was necessary to plan the process thoroughly, again asking for a summary of the good debates at the Luxembourg Conference. Still, he argued, the document did not distinguish clearly enough between social dialogue and collective bargaining, and the crucial role of the sectoral industry committees would have to be underscored more strongly. Most important though, the creation of a proper balance of power would have to be elaborated further. In conclusion, he said, the document did not provide a sufficiently clear basis for action, and time was needed to prepare a unified position.

The *Danish LO* representative reminded the delegates that collective bargaining touches on the central nervous system of trade unions. He went on to say that the division of responsibilities between national

unions, the ETUC and sectoral actors was still blurred. "Time will show if we can agree, if not it is a waste of resources to do more. We can risk a split of the ETUC between North and South, and between confederations and sectors", he warned.

The *EURO-FIET* representative attacked the implicit pyramidal character of the document, implying that the ETUC should supervise sectoral developments and mandates. The sectoral dialogue could not be conceived as a derived consequence of peak-level dialogue, but was completely autonomous, she declared. On this point, sharp tension surfaced between the representative of the ETUC Secretariat, who defended the supervisory role of the ETUC, and the *EURO-FIET* representative, who strongly argued that the ETUC had nothing to do with mandating of industry committees.<sup>61</sup>

Also other industry committees emphasised the need for further clarification of relations between the ETUC and sectoral actors, and some of them suggested they were not yet prepared to fill the role suggested in the document. One representative warned that "no national union leader will hand over any mandate, they will control it", while a representative of the agricultural workers urged real action, arguing that Euro-negotiations were no threat to national bargaining.

Winding up the debate, Jean Lapeyre of the ETUC Secretariat said that he appreciated the constructive dialogue. Reiterating the need for a pragmatic consensual approach, he accepted that the issue should be passed over to the Social Dialogue and Collective Bargaining Committee of the ETUC for further accommodation of views. He warned, however, against undue delay: "if we have not resolved this question by the next Executive Committee in March we will never solve it and pressure on employers will dissolve." Moreover, he declared he was "shocked" that *EURO-FIET* did not accept the co-ordinating role of the ETUC:

"Do the industry committees demand everything from the ETUC, while contributing nothing the other way? Having become full members of the ETUC, don't the industry committees consider they are bound by ETUC decisions?"

In short, even though a certain convergence of views could be observed, increased tension was surfacing, first, between advocates of continued discussion and more impatient forces from the Southern countries; second, between affiliates favouring a dominant role of the confederal level (among others the Nordic, Italian and French unions, together with the ETUC Secretariat) and those favouring the sectoral level (among others the German and Dutch unions, together with the industry committees). Worth noting was also the silence of the British and Belgian affiliates. As noted by one affiliate, the debate had begun touching on the central nervous system of national unionism. The danger of a split within the ETUC could not be overlooked and it seemed uncertain whether the stalemate could be resolved.

### 9.6.2 Towards cleavage?

The meeting of the ETUC Social Dialogue and Collective Bargaining Committee in Brussels 15 January 1993, supposed to accommodate conflicting views and prepare a consensus strategy, became a dramatic event.

Before the meeting the ETUC Secretariat, through Jean Lapeyre, had prepared a new text where the German amendments to the previous version had simply been inserted directly



into the document (in italics).<sup>62</sup> To many of the affiliates this was an unprecedented way of proceeding and some were infuriated, also due to the late arrival of the paper this time as well.<sup>63</sup> The *TUC representative*, David Lea, who had been silent at the London meeting, immediately took the floor and held an explosive intervention, refusing to engage in any discussion on the basis of the document presented.

The TUC representative not only declared he was unprepared to continue discussions, he said that there was no proper agenda for the meeting and that it was impossible to follow what the submitted text was saying. – “It is miles from being complete, (...) we need lengthy discussions with our unions” and “the paper cannot be publicly presented to employers”. Reiterating the TUC call for framework agreements, he asked whether the paper had been invented by the Secretariat and urged the ETUC responsible to listen to the affiliates. “We cannot proceed on this basis”, he ended.

With this fairly dramatic opening, the meeting seemed threatened by disarray. A representative of the *French FO* urged the affiliates not to cast doubts on the Secretariat, and argued that it was necessary to continue. Jean Lapeyre tried to cool the temperature and humbly apologised for having done it this way. He proposed withdrawing the document and proceeding on the basis of the former version, but was rescued by the *Danish LO* representative, Sune Bøgh. Insisting on the need to maintain consensus, Bøgh suggested one should try to reach as broad agreement as possible there and then, and proposed a reading break before continuing the proceedings.

During this break the *Nordic* affiliates held a faction meeting, chaired by the leader of LO Sweden, Bertil Jonsson, who saw the paper as a considerable improvement. The others consented to that view, but several representatives disliked the fact that all specific demands and issues had been removed from the text, although this might be tactically wise. Some nuances of views surfaced as to the role of confederation versus sectors, with the Swedish and Norwegian LO as the most pronounced promoters of the confederalist approach.

A general debate then ensued, before each individual point was discussed by the meeting. The *Germans*, with Klaus Lang from IG Metall as leading spokesman, naturally saw the document as a step forward and argued no new perspectives had been added – they had all been presented at the Luxembourg Conference. Having got their stamp on the document, the Germans now suddenly appeared as consensus-builders and the main defender of the Secretariat. “We don’t want to undermine the ETUC and support their central role in cross-sectoral social dialogue, while more specific issues, such as working time, can better be dealt with at sectoral level. Now we need a comprehensive document and should refrain from concrete delegations of mandates and issues”, Lang now argued, demonstrating the change of roles that had occurred.

The *French CFDT*, however, criticised the amendments, which implied a radical change of the ETUC role in favour of the national and sectoral level, and warned against undermining the ETUC. The *French FO* supported the CFDT view and was opposed to “moving everything to the sectoral level, which would erode the central role of the ETUC. We need an interplay

between the two levels”, the FO representative concluded and suggested that a “council of interest intermediation” could be established within the ETUC. Also the Greek representative declared disagreement with the German amendments, arguing along lines similar to the French ones.

The representative of the *British TUC*, having agreed to take part, saw enormous difficulties in translating this strategy into English working contracts. Conceding a strong personal dilemma between national realities and the promotion of a European dimension, he noted that strong national criticism had evolved, and went on to cite national union leaders who had declared the whole concept “as a mirage, you are seduced by employers”. We have to take account of the fact that two contradictory waves are rolling, he argued, one towards decentralisation and one towards Europeanisation. The question is how to bridge the gap; according to the TUC, the only possible way to proceed was through the concept of non-legally binding framework agreements, which would leave ample scope for national transpositional bargaining at sectoral and enterprise level.

A new pattern of conflict and coalitions had now evidently gained importance. *Southern unions*, in difficult domestic situations and accustomed to a political, confederal legacy, feared that the German-imposed change of focus to the sectoral level would sap the momentum they hoped to gain from European peak-level agreements. This presumably also reflected their awareness that the European industry committees were dominated by Northern industry unions. The *British approach* was somewhat different but coinciding, reflecting the TUC hope to bolster national bargaining and its own domestic position. The *Nordic confederations* were more ambivalent: on the one hand they supported the German desire to contain the Euro-activist approach of the Secretariat, on the other hand they disliked the German preference for sector-bargaining.

This configuration of conflicting views and interests came to the fore in discussions on the specific content of the revised strategy document. A new sequence about the prominence of national collective bargaining,<sup>64</sup> inserted by the DGB, occasioned no less than fourteen interventions. Klaus Lang of IG Metall defended the point by warning against the false idea that European negotiations would contribute much, while the representatives of the *Italian CGIL* and the *French CFDT* disagreed and urged a stronger European scope as well as the provision of a mandate for European negotiations and harmonisation of collective bargaining claims.

Another new “German” formulation also caused loud debate: “For that precise reason the goals and strategies of national union organisations need increasingly to be harmonised in the framework of the European industry committees ...”. The *CGIL* proposed instead that “National trade unions and industry committees must take decisions in harmony with the orientations defined at the level of the ETUC”, but met strong protests from the *European Metalworkers’ Federation*. The issue was settled by a *Nordic* compromise formula, adding the word “in European issues”. Similar discussions unfolded on a number of points where reference was made to the primacy of sectoral level, being opposed by the *CFDT*, the *CGIL* and partly *Nordic confederations*.<sup>65</sup>

The TCO on behalf of *Nordic unions* opposed a similar proposal that “every two years the ETUC should hold a general exchange of views by ETUC-affiliated organisations on priority collective bargaining objectives and possibilities of harmonising the latter”. This was perceived as too top-down; and a proposal to replace harmonisation by “co-ordination”, was accepted. This caused anger from the *CFDT*, who asked whether people “had just paid lip-service at the 1991 Congress”.

A new dispute was provoked by a lengthy “German” sequence concerning the distinction between social dialogue and collective bargaining, which first and foremost should be promoted at the sectoral level. A *Norwegian* representative argued that this in the long run might imply the end of confederations like the LO. He got support from several *southern* representatives, while the DGB explained this was meant as a compromise formula. This prompted Jean Lapeyre to state that “to be honest, the five years to come only framework agreements are realistic, while collective bargaining is for the future”.

The *CGIL* and *CFDT* then demanded that specific issues and demands which had been deleted by the German amendments, should be re-inserted, causing replies from the representatives of *IG Metall* and the *EMF* that this body had no mandate to formulate such demands.

In *conclusion*, the meeting agreed that the ETUC Secretariat should rewrite the document in line with the compromise formulations proposed at each particular point, and that the document would then be discussed – and hopefully adopted – at a forthcoming ETUC Executive Committee meeting in March. The partly dramatic character of the meeting, however, made it difficult to judge whether it represented a step towards a sustainable compromise or whether it would prompt further cleavages and deadlock. As an attempt at interest accommodation and consensus building it could seem questionable, owing to the decisive and dominant *German* influence and the continued expression of frustration and opposition from several *Southern* affiliates. To them the whole process, apparently with good reason, appeared more like a German power demonstration than any genuine instance of accommodation and consensus-building. The ETUC Secretariat had obviously decided to lean on German support to avoid a possible split on the issue, and the whole meeting was controlled by the leading German representative, or presumably more correct, the *IG Metall* representative.<sup>66</sup> At every point where controversy occurred and compromise formulations were sought, the chair awaited acceptance from the German spokesman. On the other hand, having regained control, the Germans acted in a more relaxed manner, evidently keen to win support and acceptance from a broader range of actors. Presumably well aware of the powerful way they had influenced the process, they now felt it was urgent to bolster the legitimacy of the outcome and prevent erosion of ETUC cohesion. The *Nordic* affiliates also seemed fairly satisfied. It seemed, however, more uncertain how the affiliates of the *Southern* countries and the *British TUC* would react in the subsequent process. Worth noting was also that the *Belgian* affiliates, often key actors in the integrationist camp of the ETUC, had kept silent.

### 9.6.3 A final proposal for ETUC strategy

A final attempt to achieve agreement on a strategy for European collective bargaining was made by forwarding a new document proposal to the ETUC Executive Committee 4-5 March 1993. The proposed document mainly reflected the discussions in the heated Committee meeting in January, but the wording was now more fine-tuned, in order to accommodate conflicting views. This section reviews the main points.

The preamble modestly stated that the institutional changes provided by the 31 October agreement and the Maastricht Treaty "have opened some new opportunities for the conclusion of inter-sectoral and sectoral European framework agreements", setting the tone of a careful balancing between the role to be played by inter-sectoral and sectoral trade union actors at European level. In point 2, "Rationale", an equally careful balancing between union policy at the national and the European levels was suggested: "Greater efforts need to be made at all levels, including at both national and European level, to protect workers interests(...)", however, assuring the fundamental role of national collective bargaining:

"In this new phase of European integration, also, we need to continue and develop collective bargaining at national level, to strengthen the unions' bargaining position accordingly, to co-ordinate national and sectoral level bargaining at European level and to create some new levels for European bargaining" (2.2).

Taking account of the diversity of national industrial relations, increased convergence and co-ordination of national and transnational bargaining was suggested "on issues which cannot be resolved at any other level" (2.10). While "national collective bargaining must take account of the European dimension, (...) goals and strategies of national union organisations need increasingly to be harmonised in the framework of the European industry committees.." (2.11). The aims were defined in the following way, further emphasising the subsidiarity principle:

"For the European trade unions the aims of Europeanising collective bargaining are twofold:

- to strengthen the position of unions in national-level bargaining through information and co-ordination at European level;
- and to supplement the national level with transnational, European-level bargaining, wherever the latter is required by or helpful to the interests of workers and their unions. European-level bargaining is not an objective but a means of solving problems which would not be solved merely at the national level." (2.18)

The aim of developing common demands, chiefly at the sectoral level, was stated, however "with due regard to the levels, forms, emphasis and priorities of bargaining peculiar to each country and each branch of industry" (3.1-3.2). The previous centralist provision that "ETUC will, at regular intervals, set the common objectives to be advanced at the different levels of bargaining, including Community level" was replaced by the following, emphasising co-ordination:

"The ETUC will regularly set, amend, and recommend the joint priorities to be advanced (...) Every two years

the ETUC should hold a general exchange of views by ETUC-affiliated organisations on priority collective bargaining objectives and possibilities of co-ordinating the latter." (3.4)

As to the Maastricht Social Agreement it was stated that the ETUC

"will also use the new opportunities to try to make the achievements of the Community social dialogue more binding and to open new areas, particularly in the sectors, for bargaining between unions and employers" (2.16).

This option was, however, envisaged to concentrate on "important social objectives and minimum standards to protect workers" (4.1), hereby drawing the line between collective bargaining at sectoral and national levels and "negotiated legislation" within top-level social dialogue. To this end it was proposed the ETUC could be given a mandate from national members:

"The ETUC may be given a mandate by its member organisations to negotiate with European employers on concrete intersectoral issues, the aim being to conclude 'Community-level framework agreements' (pursuant to provisions in the Maastricht Treaty on social policy) or (independently from the Maastricht Agreement) independent, intersectoral agreements. The mandate and the outcomes of bargaining will be monitored and must be approved by the Executive Committee." (4.2) <sup>67</sup>

German and Nordic fears that Euro-negotiations could pre-empt Community legislation were also taken into account:

"The ETUC will not, however, allow EC institutions to use the fact that such agreements may be concluded as an excuse to abdicate their own responsibilities with regard to social policy. Nor can the ETUC allow employers to use the social dialogue as a means of delaying or actually blocking the application of social policy directives which would benefit workers or indeed of worsening corresponding regulations" (4.5).

The proposal mentioned no specific issues or demands but suggested that "the competent organs of the ETUC will establish, *in agreement with affiliated organisations* (emphasis added), the subjects and objectives of inter-sectoral bargaining" (4.10), seemingly indicating that consensus would be required. Bargaining demands, moreover, should be set "on a case-by-case basis with terms of reference limited to the specific case in hand" (4.11). Agreements concluded at European level should be "framework agreements which set out minimum standards" or "lay down broad aims and policy objectives to be attained at the decentralised national and sectoral levels" (4.17).

With regard to the scope of European agreements, the demand for "full and unqualified participation of the social partners of the EFTA countries in social dialogue" (4.13) had been recognised.

As to the mandate issue, the competence of the ETUC and its affiliated sectoral organisations to reach agreement with employers "entirely depends on the remit accorded them by their members" (4.14); further:

"It must be clearly understood that the development of the contractual dimension of the Social Dialogue and of bargaining structures necessitates strict control over the remit of the bargaining units and capability for evaluating the outcomes of negotiations. This can only be accomplished for inter-sectoral bargaining by the Executive Committee of the ETUC and for industry-wide bargaining by the Executives of the European Industry Committees" (4.15).

The previously much-debated question of developing a proper balance of power was addressed by stating that "we must be capable of applying strong union bargaining pressure to bring the European employers forward from their positions" (4.19) which in turn was dependent on

"the European unions' ability to exert pressure on a transnational basis and to achieve their demands through collective agreements and, where necessary collective action in support of those transnational social demands" (4.20)

Clearly, considerable efforts had been made to produce a strategy document which could reconcile conflicting views and positions. Now the question was, would the affiliates accept it?

#### 9.6.4 The moment of truth?

To the ETUC Executive Committee meeting on 5 March 1993 the revised strategy document was presented by Jean Lapeyre as a compromise proposal; the ETUC president, Norman Willis, added "I hope we can conclude this text on collective bargaining before it ceases to exist".

The *Danish LO* representative was the first to take the floor. On the domestic front the Danish LO was anew involved in tricky struggle over ratification of the Maastricht TEU and the Danish exemptions granted by the Edinburgh Summit – a situation that made the Danish LO wary of any moves that could trigger domestic opposition. The LO representative appreciated that the ETUC Secretariat had listened to the membership. Recalling the cleavage existing since the Luxembourg Conference, he hoped the document would serve as a bridge between North and South and concluded it was a good frame of reference for further discussion. Then the *Italian CGIL* representative said that he considered it to be a good, balanced document that reflected the reality of previous discussion. By adopting it, he added, all organisations would have committed themselves to moving together in Europe, but this would be tough, since the ETUC was barely equipped to act. Therefore a campaign towards memberships was required, in order to encourage consciousness-building and training. Also the *German DGB* representative welcomed the compromise. He further reminded delegates of the problem that the DGB had no mandate to bargain, a problem which would require creation of new national procedures to be resolved. Finally, he called for accelerated trade union integration in Europe. Evidently, the compromise had stood the test. Three of the most pronounced protagonists had accepted it.

The *Swedish LO* representative thanked the the Secretariat, and Jean Lapeyre in particular,

for the document, which had been a difficult job to fulfill. He emphasised, however, that this was only the start of a complicated process, where the next step would be to develop an internal order of negotiations and decision-making, probably implying constitutional changes in the ETUC. When the Swedes finally had decided to enter the European path, they certainly intended to do it properly. In a Nordic pre-meeting the day before, the issue had been subject to more in-depth examination, concluding that Nordic viewpoints in the main had been taken on board, although the document was felt to be vague and certain formulations about harmonisation still remained. As a positive feature was acknowledged the fact that the Secretariat had bowed to membership pressure and realised the need for dialogue instead of continued struggle. However, there was concern about whether the British would “back out” and uncertainty was expressed about the mandate problem, especially in the case of the DGB and the TUC.

The *French CFTD* representative, who had been the most discontent in the January debacle, stated that the document now corresponded to their wishes; what was necessary was to move forward by taking up issues and injecting life to the document. The planned European Action Day 2 April would thus be an important verification of the unions’ commitment to continue the process of Europeanisation. The *British TUC* voiced consent by keeping silent, as did the *Belgian* representatives.

With this very short debate, 15 months of positioning, discussion, power-play and conflict were brought to an end – at least for the time being. No one dissented and the text was unanimously adopted. A range of questions remained unanswered, however, as indicated by the ETUC president, Norman Willis: “A great trade union leader once said that if trade union leaders conclude unanimously, they must be wrong.”

The peaceful adoption of the compromise could be interpreted as a signal that the strategy document was so open that it satisfied all divergent interests: On the one hand, it reassured the national affiliates of their essential role in controlling developments; on the other hand, it implied acceptance of European negotiations at the confederal level, while simultaneously emphasising the key role of the sectors as far as real collective bargaining was concerned. An alternative interpretation, however, could be that, despite its openness, the document also brought important clarification of concepts, interrelations and responsibilities between different actors, levels, and types of processes. In that case, it could be seen as product of a genuine process of learning and accommodation, which had heightened the involvement and awareness of the membership and contributed to shared perceptions of the paths and frameworks of further trade union Europeanisation. A third interpretation could be that the carefully pieced together compromise was so fragile and loaded with potentially divisive contradictions that no one dared to meddle with its content.

#### **9.6.5 Reconciling theory and practice**

The problem of moving from programmatics to practice was highlighted at the same ETUC Executive Committee meeting, which also dealt with a number of current issues.

First, a draft version of a *Joint Opinion* on a Co-ordinated Growth Strategy in Europe, agreed with UNICE and CEEP in the macro-economic group of the social dialogue, was rejected by the national affiliates. From the Secretariat the statement was recommended as part of ETUC efforts (1) to build up political pressure at Community level to combat unemployment; (2) to keep the demand that the EMU would require new structures to complement national economic policy at the Community agenda; and (3) to preserve a certain dynamism in the social dialogue as a whole.

Most national affiliates, however, argued that although the Joint Opinion was better than most existing Community statements (recommending more wage moderation and labour market flexibility), it was too employer friendly – for example, it referred to the need to ensure profitable investments, wage restraint and structural measures to improve the operation of labour markets. The main controversy concerned the strategic political implications of adopting a compromise joint statement with employers under the current political circumstances. As asked by a *Spanish* union representative, at the time involved in struggle over national convergence programmes, “can it be used against us at national level?” Several national affiliates, wary of opposition within national constituencies and ongoing ratification struggles, warned that the signal effect of a compromise with employers could cause confusion at the national level, also in view of the planned European Action Day, 2 April 1993.<sup>68</sup> In other words, national affiliates feared that tactically plausible behaviour at the European level could be turned against them at home through “two-level” games by employers and governments.

The ETUC Secretariat, on its part, argued that a Joint Statement between European unions and employers could be helpful to the Commission in arguing vis-à-vis national governments (and ECOFIN) for stronger initiatives to combat unemployment. Moreover, after the ETUC had worked for half a year to pull employers and the Commission into a process to influence Community economic policy, it could harm ETUC credibility if one were to ‘abandon ship’ at the last minute. Still, aware of the need to ensure internal ETUC cohesion during the ongoing crisis, the Secretariat bowed to national criticism and withdrew the proposal.

This case clearly illustrated (1) how national problems and considerations related to the Maastricht process spilled back into European policy formation within the ETUC, and (2) how the “logic of influence”, driving the European social dialogue, could be perceived as detrimental to national trade union policy at national level, thus discording with the “logic of membership”. Noteworthy also was that, faced with a perceived choice between ensuring the development of European social dialogue and taking care of domestic concerns, the latter gained prominence in this case.

A second issue of great significance to the ETUC affiliates was the so-called “*Posted-Workers*” directive. This was intended to regulate essential terms and conditions of workers pursuing temporary contracts in a foreign country, typically in the construction and building sector. The core question was whether such workers should be subject to key regulations (by collective agreement or law) of the host country from day one, or whether a transitional



period of one or three months could be accepted. This case had been pending for a long time in the EC Council, blocked by conflicting interests between high-cost receivers of foreign contractors and low-cost senders, pin-pointing the delicate issue of social dumping. At the time a possible compromise had been formulated by the European Parliament, allowing a one-month exemption period. While Britain had no regulations concerning the terms of foreign labour, and several sender countries such as Ireland, Portugal and Greece favoured a liberal approach (at least a three-month exemption period), high-cost receiver countries such as Denmark, Germany and Belgium insisted that domestic conditions should apply from day one. Within the ETUC this issue involved delicate aspects of inter-union competition for jobs and the essential question of whether national industrial relations regulations could be set aside by EC legislation. Moreover, it raised touchy questions as to which kind of national regulations – legislation or collective agreements – could, according to Community law, be conceived as legally binding for foreign enterprises.

In the *Nordic* countries, and in particular in Denmark (where the issue had come to the forefront of trade union struggle over the second round of Maastricht ratification), the prevailing interpretation that national regulations would either have to be legislation or generally applicable collective agreements (in order to become binding to foreign enterprises), was seen as a threat to national jobs and the sovereignty of industrial relations.<sup>69</sup> The ETUC Secretariat, frustrated by the stalemate and the difficult conflict of interest between national trade unions, seemed inclined to support the compromise proposal by the European Parliament. This also seemed to reflect a certain sympathy with the trade unions of the poorer sender countries, as well as impatience at the inflexibility of trade unions in richer receiver countries, which could be interpreted as trade union protectionism. At the meeting the Norwegian representative, speaking on behalf of a unified Nordic group, made clear that the draft directive on "Posted Workers" played a "nearly decisive role" in domestic policy debates over Maastricht ratification and EU membership, and could have an essential impact on the forthcoming referenda. Accordingly, it was urged that the ETUC should take a tough stance and reject any directive that would not secure national conditions from day one. Under these circumstances, it would be better not to have any directive, than a weak European regulation.

This case provided an ideal-typical example that national trade unions were inclined to block common European policy if it served domestic interests (as in the case described above). On the other hand it indicated that national unions could use the European (ETUC) channel to gain strength in promoting union interests vis-à-vis European and national authorities. Among the Nordic affiliates a maximalist ETUC position was expected to be helpful in convincing Nordic governments to conduct tough bargaining with the Community over membership terms. Moreover, the presumed bargaining capital of the applicant countries was perceived as a means to bolster the case of the ETUC. Accordingly, it was concluded that the Nordic affiliates should get a central role in co-ordinating ETUC lobbying, together with the European industry committee of building and construction workers (EFBWW).

A third issue was the planning of a *European Action Day*, 2 April 1993, intended to mobil-

ise member unions, workers and the public behind the demand for active measures against unemployment and for a Social Europe, possibly including work stoppages and point strikes at the national level. Several national affiliates, however, expressed concern that the planned event could be difficult to co-ordinate with domestic activities. In *Britain* the TUC was busy engaged in organising a campaign against government policies to close down more coal mines. Besides, due to British restrictions on strike action, the TUC would have difficulties in taking people out of work to rally for European issues. In *Germany* the national bargaining round had led to severe conflicts and struggle to defend collective agreements in the Eastern *Länder*. In *Denmark* the issue was a tricky one because of the ratification struggle over Maastricht, and in *Norway* the event interfered with a crucial phase of the national bargaining round.<sup>70</sup> These national reservations provoked the leader of the *Belgian FGTB*, Francois Janssens, to hold a strong intervention. Expressing the Belgian trade unions' wish to develop the ETUC into a real trade union, capable of organising European strikes and collective bargaining, not only continuing as a resolution machinery, he urged fellow affiliates to join in unified action all over Europe and expressed his disappointment over the reluctance expressed by key affiliates. Declaring that the Belgian trade unions would stage a mass demonstration in Maastricht and mobilise 5000 workers, he challenged the German unions to do the same, despite their domestic problems.<sup>71</sup> In conclusion it was agreed to organise the European action day, however, taking into account the varying situations and capabilities of national member organisations.

The difficulty of bridging the diversity of national conditions and mobilising cross-border trade union counterforce was again highlighted, underscoring the persistent predominance of national trade union concerns. Still, in several countries large-scale mobilisations of rank-and-file members were indeed organised on 2 April 1993. In Italy, the event was used to launch a general strike against the policies of the national government. In other countries, point strikes and public demonstrations were held, involving altogether approximately 1 million workers and 150 arrangements. According to the ETUC, this represented a "focal point of the ETUC's assertion of its identity" (ETUC 1995a: 11).<sup>72</sup>

## 9.7 Lessons from the ETUC strategy debate – actor interpretations

### 9.7.1 Introduction

During the final stage of the ETUC strategy debate over European collective bargaining and in its aftermath, I interviewed a number of participants about the possible implications of the compromise. This section reviews their main interpretations. Since the German, Nordic and Belgian views have been quite extensively described above, I will in this section focus on interpretations of organisations that can be assumed to be less content with the outcome.

### 9.7.2 Italian interpretations<sup>73</sup>

As dedicated supporters of European integration, the Italian ETUC affiliates in the early 1990s represented around one fifth of the ETUC membership.<sup>74</sup>

In the view of Antonio Lettieri, head of International Department of the CGIL, the ETUC strategy debate had led to agreement on one decisive thing; faced with the EMU and the single market, it would be impossible to continue collective bargaining purely at the national level – Europeanisation was indispensable. Thus it was seen as a pity that the trade unions were lagging behind in analysing this situation:

"In view of the historical problems of achieving unification at the national level, development of a contractual European dimension poses enormous problems for European trade unions, especially as to finding unifying solutions and bridging the North-South divide. *The problem is not primarily technical, but cultural, in the sense of understanding each other's raison d'être*" (emphasis added).

According to the CGIL interpretation, the ETUC strategy debate made it clear that negotiations at the European level would not copy patterns at lower levels, but represent a new kind of articulation where every level was indispensable. The European level was adding a new layer, including both confederal and sectoral negotiations, within co-ordinated interchange with the political system. Thus legislation and negotiations were not contradictory phenomena. The main issue still remaining, in view of the CGIL, was associated with the problem of reforming trade unions in Europe, and this was bound to be a long-term process.

"A first etappe could be to co-ordinate collective bargaining in cross-border integrated sectors like automobile, textile, food, for example between Italian, Spanish, French, German and Belgian trade unions. The problem, however, is that the debate has been retarded and that we have only discussed the institutions, not the content and our revendications. Some certain progress has been obtained, but we will have to accelerate."

As to the Nordic and German focus on mandating, Lettieri saw this as a quasi-debate that expressed organisational conservatism and hidden conflicts of interest:

"They are occupied with guarding and controlling their power at national level, IG Metall act like a Social Bundesbank, but who asks Bundesbank about their European mandate?"

Similarly, Ettore Masucci (CGIL), suggested the Germans did not want European collective bargaining: they seemed to prefer legislation. However, the DGB had in fact been positive but was blocked by the industry unions like IG Metall, which had never been really interested. Furthermore, according to Masucci, the ETUC debate strengthened the concern among Italian unions that future enlargement would impede the political construction of the Community.

"It is wrong to approach Europe purely as a means to solve national problems, like several ETUC affiliates continue to do."

Still, the ETUC strategy document was seen as an acceptable compromise, opening the way

for a pragmatic approach to European collective bargaining. Moreover, faced with a single currency, "we will have to co-ordinate anyway, otherwise the European central bank will do it for us". Such co-ordination must take place at a multitude of levels, but the interprofessional level is bound to become more important at Community level, "as a means to find a new meaning of solidarity in Europe, which is in crisis everywhere".

In the view of the CISL representative, Giacomina Cassina, the outcome of the ETUC debate was a "low compromise", very much a concession to the TUC, the DGB and the Nordic affiliates. Therefore the CISL had difficulties in accepting it, but consented because the role of the national confederations in the end was strengthened. "Now the initiative is in the hands of national actors, so let us wait and see before judging the effects". Still, in the view of Cassina, the process had important implications:

"Before, the idea of the ETUC was to force its own role; now the Secretariat has become aware of the necessity to change the attitudes of member organisations consensually by convincing them".

The process, furthermore, illustrated the problem of discussing without any experience at European level, which meant the debate became too theoretical and too related to previous national experiences. Cassina went on to say that she was not sure that in the future the ETUC should go on discussing in this way; it would probably be better to choose a more specific angle, for example by focusing experiences like the Hoover case to circumvent national union reluctance.

As to the North-South divide, the focus on social dumping was somewhat misconceived, according to Cassina, who argued that the inverse problem of investment flows from South to North was increasing, not least because enterprises were offered better conditions, administrative support, credits and the like. Thus trade unions were faced with a double-split situation – "high standard production becomes concentrated in advanced areas, while for example the Portuguese gain no share at all". Another problem which had become illuminated was the crisis of the DGB, which had left the ETUC in a sort of vacuum. To circumvent the semi-blockage of German and Nordic unions we should act concretely, for example by addressing the problems of the car-industry, she suggested.

The CGIL representative, Masucci, was also concerned about the persistent North-South divide:<sup>75</sup>

"Therefore we need a concrete discussion of solidarity, not abstract, we must fill it with real content, now the problem is we don't have the same ideas and understandings."

The problem of national reluctance and the resurgent attention to national sovereignty among affiliates was further underscored by the CISL representative: "They are ready to engage in Social Pacts at national level, but not at the European level. If you want to destroy European bargaining, you increase the target." To avoid such re-nationalisation the ETUC Secretariat needed support, according to Cassina, who suggested that some leaders of the national confederations enter discussion with UNICE to share and take responsibility instead of blaming the Secretariat.<sup>76</sup> Another sign of national withdrawal was the ETUC discussion of

a European Action Day 2 April 1993, which was defined so loosely that everybody could put what they liked into it, according to Cassina. The danger that the British and German affiliates would do virtually nothing illustrated the difficult situation, which might erode the credibility of the ETUC. — Typically, in Italy a one-hour general strike was planned, but only one line of the mobilisation pamphlet referred to the European dimension and the national leaders did not say a word about Europe when presenting it. A possible interpretation of these developments, she concluded, could be that national leaderships by the previous strengthening of the ETUC Secretariat (in terms of resources and manpower) felt they had freed themselves of responsibility for European developments.

In retrospect, said Cassina, the ETUC strategy debate had drawn attention to strategic misjudgements made by the Italians at the 1991 Congress:

"We made a mistake, we thought it would be enough to let the confederations delegate to the ETUC its mandates, but we underestimated the problems of the DGB, the TUC and others, and we paid too little attention to the sectoral dimension. Also in Italy we were confronted by national federations (sectoral unions) which asked what we did in Luxembourg and with which mandate. The ETUC discussion has made us more aware of the necessity of European collective bargaining, but also taught us that a more in-depth clarification of relations between national and European actors is required".

Moreover, used to the Italian tradition of setting frameworks of national bargaining between all federations at confederal level, "we overlooked the problems in other countries". The Germans took part in the inner group that prepared the 1991 Congress but they evidently got a lot of problems afterwards and pulled back, which was clear already in autumn 1991 when German representatives at a conference suggested "they could bargain for everybody", expressing they were not ready to share any bargaining competence. Thus, said Cassina:

"we have identified a real problem which has to be solved, notably that collective bargaining must represent members directly and be empowered by them. In this sense a certain self-criticism is appropriate, the 31 October agreement was maybe a bit forced — though sometimes you have to go a bit ahead. In theory it implies a significant change of European integration, but it is still an abstract achievement without practical content."

Accordingly, in the view of Cassina, there was reason to be somewhat pessimistic and self-critical. "We should have talked more with those who did not agree, such as the Nordics." Nevertheless, a certain progress was noticeable:

"The voluntaristic strategy has moved the debate and mutual respect has been increased, we can discuss and disagree on a new basis. The way ahead thus is to spend more energy on seminars and training, trying to work together in order to build up confidence."

The CGIL representative Masucci was more optimistic, "we have seen surprising progress, exemplified by the 31 October agreement which was a miracle, signifying we are obliged to go further. The Commission gave us a bicycle, now we must use it". Some affiliates are, indeed, protective, but European trade union integration will by necessity imply a differentiated development, step by step, and ETUC is in fact far ahead of the employers, according to

Masucci. Fundamentally, he added, the development of a genuine European trade unionism was dependent on creation of a real European government with democratic, parliamentary powers and parties, requiring strong trade union partners. In the current situation Europe is lacking credible popular control and consensus. The ETUC somehow serves as a substitute for the weak democratic foundation, but this also represents a problem due to its interdependency with the Commission, Masucci noted.

### 9.7.3 A French interpretation by Force Ouvrière (FO) <sup>77</sup>

The French *Force Ouvrière* (FO), established after a split of the increasingly Communist-oriented CGT in 1947, declared itself also in principle in favour of the idea of European United States. In practice, however, the FO has followed a non-politicised approach, often characterised as “syndicalist” by outside observers.<sup>78</sup> The FO had supported the Maastricht Social Protocol, but was very critical of the concept of the EMU, which, as the FO saw it, would lead to recession. “Now also the Belgian, Spanish, Italian and Portuguese have become very critical”, noted the FO Brussels representative, Jean-Pierre Yonnet. In his view, however, it was important to recognise that

“ETUC is a house of compromises. It is far from a pioneer force, it suffers from tiny structures and weak competences and is therefore no real opinion-leader, it follows the Delors Commission too closely. Moreover, if the TUC and the DGB are not in favour, it is very difficult to achieve majority for anything.”

Still, the reforms undertaken at the 1991 Congress had improved ETUC efficiency and activity, much due to the new leadership of the Italian general secretary Gabaglio (CISL), in the view of Yonnet. – But the ETUC will not become effective until the member organisations really want to co-operate and are willing to accept decisions of the Executive. As yet, this is not always the case; in addition, key members have weak confederations with no mandate to represent their members, for example the TUC and the DGB always have to negotiate with their member unions. On the other hand,

“the positive side of the recent ETUC strategy debate was that individual unions, like the IG Metall, discovered that Europe was important and wanted to influence. The negative side was that national counterforces may halt further developments. The basic reaction of IG Metall was fear that it would lose power to undemocratic bodies, and that is a concern the FO understand quite well. European integration, also within the trade unions, cannot be achieved if not everybody are allowed to take part on the basis of conviction. Therefore the FO favours a trade union federalism that is built from the bottom to the top on the basis of consensus.”

It should, however, be recognised that conflict of interests is not a specific European trade union problem: it is something trade unions are used to at home as well. The challenge is to find democratic ways of solving them, which is, indeed, more difficult at the European level, according to Yonnet. “During pioneer times like those we are currently experiencing, the democratic process is imperative to make sure everybody understands and are allowed to participate”. In the view of the FO, the ETUC compromise on collective bargaining was an

important step towards approaching this challenge. Even though some national unions saw a need to brake the process,

"they must also realize that things can't move at European level exactly like they are used to at national level. Such ethno-centrist views are inappropriate; we have to understand that European action is something completely new. The 31 October agreement was an innovation of something that does not exist any place, a Euro-typical solution."

Admittedly, the concept was familiar to French unions, used to generalisation of agreements, but also the FO was concerned about the risks of "legislative corporatism". In the FO view, however, the autonomy of both the legislator and the social partners is ensured, and, "unlike the Germans, we had an in-depth discussion beforehand, thereby avoiding subsequent kick-backs. (...) Currently we have little to expect from employers, due to trade union weakness. Therefore we should not negotiate but follow the legislative path, albeit we should influence legislation in a way that enhances negotiated implementation."

Thus the main challenge following from the ETUC compromise, in the view of the FO, was to improve the balance of power in favour of trade unions, and this would require differentiated strategies: Joint European mobilisation and awareness-raising, as exemplified by the European action day; strengthened involvement of national member organisations to ensure the democratic foundations; combined with a long-term build-up of more solid European structures. The overriding idea should not be to harmonise, but to develop common goals which are to be striven for by a multitude of actors in differentiated ways, so that "everybody empowers each other", in line with the principle of subsidiarity.

#### **9.7.4 A Dutch interpretation by the FNV <sup>79</sup>**

Like the Italian and French trade unions, the *Federatie Nederlandse Vakbewegung* (FNV) shares the federalist approach to European integration. Both in view of the experienced difficulties in the ETUC and the Maastricht process, however, the FNV representative, Willy Wagenmann, emphasised the need to reassess the ways of proceeding in European integration.

"A more cautious approach and greater accountability are needed to ensure the credibility of the whole process. On the other hand, we need enlargement and the strength of Nordic and Austrian actors to contribute to strengthening Southern trade unions and the role of labour in Europe."

As for European negotiations, Dutch unions were familiar with trilateral concertation at home and appreciated the concept of "negotiated legislation" ingrained in the MSA. Current developments have underscored the need for broader discussion and co-ordination of bargaining with our neighbours, according to Wagenmann. As an example, due to economic problems and threats of government intervention in autumn 1992, national negotiations in Holland were postponed and existing agreements were prolonged. This "low solution" caused angry reactions from Belgian trade unions, which on their part have accepted living with enormous public debt, exerting upward pressures on Dutch interests rates, underscoring the increasing

interdependency of union policy:

“Sister organisations should perhaps sit at the table and exchange information on bargaining claims at an early stage.”

As to the ETUC strategy compromise, the FNV took a pragmatic stance: “We saw the first drafts as too centralised and agreed with the Germans that more space should be left for the sectors, allowing ‘1000 flowers to bloom’. Momentum will have to be created bottom up in transnational companies and sectors, while the ETUC should mainly fill a political and co-ordinating role, providing service rather than instructions to lower level actors.” On the other hand, the ETUC debate implied that

“the German DGB lost credibility, their industry unions will take the lead and do not trust the DGB. This caused a lot of conceptual misunderstanding. The FNV supports the notion of a broad social dialogue, including all kind of political issues, possibly leading to minimum framework agreements open to national and sectoral specification, but this was unknown terrain for the Germans.”

Still the FNV saw certain improvement of ETUC integration, “although the Secretariat does not pay enough attention to involve the national member organisations”. European trade union integration should draw more on the resources, competence and experience of the national affiliates.

“As long as meetings and documents are inadequately prepared and national unions are not provided with enough opportunities for discussion, the result is erosion of trust, credibility and downgrading of priority. National colleagues will not go to meetings if they can’t influence properly.”

Like the Italian and French colleagues, the FNV representative drew attention to a general problem for the ETUC, highlighted by the strategy debate: “Crucial national affiliates, especially of the bigger countries, are not in a position to back up ETUC progress, owing to domestic difficulties”. –Therefore the trade unions of the smaller countries have an important role as providers of ideas and impetus. The FNV representative felt that it should also be noted that the networks of Christian unions play a similar positive function.

### **9.7.5 The interpretation of the British TUC**<sup>80</sup>

The TUC turn from EC-opposition to “Euro-enthusiasm” in the late 1980s reflected a wish to get support from European social policy in hopes of offsetting further Thatcherite attempts to roll-back the position of trade unions in Britain (MacShane 1991).<sup>81</sup> During the 1980s British trade unions had experienced severe losses of membership, decentralisation and de-recognition of collective bargaining, as well as a range of legal reforms that weakened trade union influence (Edwards et al. 1992).<sup>82</sup>

TUC policy on Europe was in 1993 still a precarious undertaking, however. The domestic context was marked by economic downturn, controversial efforts to restructure and modernise trade unions, and deep rifts over Maastricht, not only tearing apart the Conservative



party but cutting across the labour movement as well. As pointed out by the TUC's David Lea:

"We have a 1972-complex similar to the Nordic situation, but British trade unions can't afford to stay out of Europe".

In the ETUC strategy debate the TUC representatives had thus tried to pursue a difficult balancing act. On the one hand, the whole notion of peak-level bargaining, trilateral concertation and social dialogue was completely at odds with the British legacy of voluntarist, conflictual collective bargaining with a non-legally binding character. Domestic trends, further, seemed to accentuate the incompatibility between British practice and the European concept of negotiated legislation and transnational works councils. In addition came, as frequently mentioned, the fact that neither the TUC nor the CBI held any competence to pursue bargaining.

On the other hand, British unions had experienced that Community directives in some cases had served to improve British working standards and even encouraged collective relations with employers. Besides, a contested modernisation process of British unions was underway, partly promoted by forces looking to continental Europe to find ways of renewing British industrial relations. Several unions had for example sent delegations to Germany in order to study the system of co-determination and works councils, previously denounced as an illegitimate anti-union mode of participation (Hall 1992). Such moves were, however, fought by several strong British unions which considered the idea of European negotiations "all nonsense", and widespread Euro-scepticism prevailed among the rank-and-file. The claimed Europeanisation of the TUC was thus mainly conceived as top-level "official-dom", driven by TUC forces in Congress House, by many interpreted as an indirect way of bolstering the TUC itself.

Well aware of this situation, the TUC representative in the 31 October negotiations had still chosen to sign without any mandate. Yet, as one source put it, "the leaders of the member unions did not kill him".<sup>83</sup> The TUC representatives tried to bridge the gap between European developments and the British legacy, by emphasising the potential of non-binding framework agreements to promote national ancillary bargaining, which, it was hoped, would force the TUC and CBI to acquire competence to go ahead (Lea 1992).

The TUC strategy was thus to take advantage of European pull-factors to obtain a new kind of institutionalisation at home, thereby also bypassing the British social policy "opt-out". Implementation problems would, however, be considerable in view of the obstructive government, the reluctance of employers and the absence of mechanisms for generalising agreements (Hepple 1992).

Another pull-factor was that British trade unions, together with the Southern ETUC affiliates, really needed European minimum standards, legislative or negotiated. This was in contrast to many other Northern trade unions "which can afford without and will have difficulties signing a 'low minimum agreement'". They will rather have legislation, allowing them to blame the politicians".<sup>84</sup> Still, this European approach of the TUC was contested in Britain. Thus the TUC outburst when the Germans put their feet down (in January 1993) was a

response to heavy member-union criticism of the previous ETUC drafts on European negotiations. This had culminated in a TUC meeting in December 1992 where central union leaders had accused the TUC of taking part in the

“invention of an Alice in Wonderland phantasy. The dilemma, however, was that we could not just turn our back and say goodbye to the European reality. All the other affiliates had agreed so we were under considerable pressure.”<sup>85</sup>

The dilemma had been aggravated by TUC membership polls which showed that “the ‘Euro-mess’ had fuelled a substantive shift towards anti-Maastricht opposition.” Nevertheless, the TUC decided to accept the ETUC strategy compromise – however, with great caution as to future developments. In the view of David Lea, conceptual misunderstandings had obscured the debate:

“After ten years of decentralisation, member unions do not understand the concept of central framework agreements and the issue of mandating is not comprehensible to them. So we need more practical experience and results before any new wild ideas. Members don't want theoretical debate and visions, we need practical action to explain the ideas.”

According to Bill Jordan of the AEEU,<sup>86</sup> the discussion on European collective bargaining had underscored the barriers of language, culture and organisation:

“Still, compared to before the single market, we have made remarkable progress. Thorny subjects like the Hoover case remind us that solidarity and co-operation is no spontaneous outcome. People don't live from trade union ideology, but from jobs. Through concrete experiences, however, we will deliberately learn to co-operate and end up with new customs. Yet insofar as members don't think rushing Europe is a good thing we must follow members and adopt a pragmatic approach. Through establishment of European works councils we will become accustomed to communicate across the borders and gradually also talk about wages, to avoid leap-frogging. In this sense social dialogue at all levels is positive, it contains in embryonic form something that will grow, although the ETUC so far have not recognised the pitfalls. So let us not rush at it and let us not alienate existing systems of industrial relations.”<sup>87</sup>

The ETUC strategy debate had revealed an “ownership crisis” between the European Secretariat and national affiliates which should be much more involved in running things, in the view of David Lea. It also demonstrated the difficulty of getting real issues discussed in ETUC fora. Thus “my TUC colleagues thought I had gone crazy when I made a fuss in the decisive January meeting. (...) Still, it worked and the document was amended into a more proper shape, although it remains unclear what it was for.” More fundamentally, however, the strategy debate underscored the tremendous problem of ETUC heterogeneity:<sup>88</sup>

“The ETUC is a difficult animal. Consider for instance the distance between Greek and Portuguese affiliates and the Nordics. The core affiliates have difficulties themselves, the DGB has trouble with internal issues, unification and leadership – as in the TUC, indeed. But it is difficult to understand the German structure, without Steinkühler (IG Metall president) in house (...). We have all the dogs at Congress House and are more integrated in a way.”

Nonetheless, in the view of Lea, it was incorrect to see the main problem of the ETUC as the lack of power in the DGB and the TUC:

"I think structural explanations are more important, associated with the general devolution of collective bargaining and the end of corporatism or etatism throughout Europe. It is difficult to reconcile the tide of decentralisation with top-level European processes. But somehow we have to link together a bottom-up and top-down strategy, in which collective bargaining can acquire a new role derived from the European level."

If this succeeded, the TUC and CBI would have to find appropriate structures for coping, also in Britain, according to Lea, who quoted the old TUC leader G. Woodcock as saying that "*structure is a function of purpose.*"

### 9.7.6 Interpretation of the ETUC Secretariat

After the protracted ETUC strategy debate, the *ETUC general secretary*, *Emilio Gabaglio* (of CISL, Italy)<sup>89</sup> contended that he was still optimistic, owing to what he conceived as "a striking evolution of mind and attitudes. Now only a few resist, and in principle European collective bargaining, as envisaged in the ETUC strategy document, is accepted by everybody, including the Scandinavians."

According to Gabaglio, the idea of European collective bargaining as a basic pillar of social Europe had the potential to change the nature of the ETUC itself, even though the obstacles were considerable. "While the ETUC before has been a valuable instrument for improving understanding between unions and as a pressure group towards the EC, the ambition of becoming a transnational trade union movement depends on our ability to win status as an autonomous social actor."

The crucial issue, in the view of Gabaglio, was thus whether the ETUC was capable of setting up countervailing power in the single market. As capital and markets become internationalised, trade unions cannot remain on the national agenda: "We must project ourselves into this new space, by transferring and complementing national collective bargaining." Two years after the 1991 Congress, the ETUC had taken steps forward, according to Gabaglio: "The 31 October agreement opened the way, but we are not yet there. When ratified, the Social Protocol will allow us experiment along this line, but the challenge is to compel employers to engage in practice(...) In this perspective the planned European Action Day 2 April is important by proving that we are not only a super-structure, a mail-box, but capable of mobilising European workers on a common platform. So we move in the right direction, but have still a long way to go. European collective bargaining will remain a crucial task in the rest of the century. If by year 2000 we have succeeded, we have become relevant in the European political setup. If not we will have to stay within national boundaries, become marginalised, and lose political and social credibility."

Gabaglio refers to his vision for the coming years, which is in essence

"a question of culture and ideology, we need a new generation of trade unionists, of European trade union-

ists. Therefore we need to emphasise training. National leaders are often an obstacle because they believe they can fix everything at the national level. They do not realise how interdependent they are, (...) even strong trade unions cannot go on alone. Look what is happening right now, in Eastern Germany, even the IG Metall is calling for help. Therefore, if trade unions fail to take a European approach, we will become a conservative force, competing each other to death.

Let us take the Hoover case, what prevented unions to co-ordinate? It was lack of vision. In Germany now unions in the steel sector are rallying against job losses, but what is their message – don't cut jobs in Germany, cut in Italy or Spain.

Then we have the problem of wages, also nationally we have wage differentials, but in a single market with a single Central Bank, do you think we can go on with current wage differentials between countries? Therefore, we need to move towards Europeanisation of collective bargaining, it is unavoidable when social autonomy at the national level becomes eroded. If not, we will face a 'rat-race', marginalising trade unions through beggar-your-neighbour policies."

As to the problem of national diversity, possibly requiring a multi-speed development of European collective bargaining, Gabaglio maintained that "this will depend on the evolution of the overall European integration process, if and how Maastricht and the EMU become implemented. But in fact, the EMU contains a two-speed formula of monetary integration. Thus a two-speed Europeanisation of collective bargaining might be a possible scenario; we have to accept diversity, but we should ensure coherence and harmonisation in a way that avoids 'social devaluations'. A social-level playing field requires harmonisation of basic conditions."

With regard to ETUC strategy for such a development, Gabaglio underscored the need for both legislation as well as framework agreements:

"It is ridiculous to centralise trade union policies to Brussels or forge uniformity, no, we need broad guidelines where European legislation, national collective bargaining and European framework agreements underpin and complement each other. The whole idea of Europeanisation is based on complementarity – between European works councils, national sector bargaining and European sector bargaining. Thus, the role of the ETUC is not to take away anything from the national level, but to add something by providing new frameworks of co-ordination and articulation. In this sense, the ETUC strategy debate was useful because it made clear that European issues are not something external, on the fringe. European issues must be integrated into the core of national policy formation. Still, there is a problem that many are afraid of loosing national power, they do not trust the European trade union structures."

Noting that ETUC was built through democratic national affiliates and relied on participation of national union leaders, Gabaglio emphasised that "nobody will dictate to anyone. We will move forward through participation and consensus which is imperative. However, in order to go ahead, majority decisions may become necessary at certain stages."

With respect to the strategic problem of compelling employers into European collective bargaining, Gabaglio referred to the ETUC experience with multinational companies:

"UNICE has a problem of representation and risks being bypassed by multinational companies which in practice often are prepared to go much further than UNICE, as exemplified by FIAT and other companies that are willing to relate to trade unions on a transnational basis. In the longer term this will presumably also trigger increased transnational co-operation on the level of sectors. Thus, either UNICE will become capable of recog-

nising this reality, or they will stick to the national approach and will become marginalised, sooner or later."

On the trade union side, the most significant sign of "the evolution of mind and attitudes", in the view of Gabaglio, was the fact that even Scandinavian unions had finally accepted the notion of European collective bargaining.

"Before, this was very difficult, due to the strong anti-EC forces in many Scandinavian unions and the divide between EC and EFTA unions. Now they take part and for example the Swedes have become much more involved. The ETUC will not convince, but reality will convince national affiliates, and it seems justified to say that convergence and cohesion within the ETUC is growing. We discuss and respond, to a greater extent, together. Therefore I am optimistic."

As to the tension between confederations and sectoral industry committees, Gabaglio emphasised how important it was that the latter had been fully integrated into ETUC structures. "Before, the industry committees were loose and weak bodies, now progress is underway. The problem is not the ETUC, but to find employer counterparts. The ETUC can open ways for the industry committees and, despite tension, I conceive a mutual process based on sound competition between the confederal and sectoral actors." Thus Gabaglio saw the ETUC compromise as a necessary and important process of clarification concerning (1) closer consultation on directives; (2) production of Joint Opinions and recommendations; and (3) proper negotiations based on a clear-cut division of labour between the confederal and sectoral level. However, "if the process of Europeanisation shall gain momentum, it will require change of national trade union organisations. What is needed is trans-border integration of trade union organisations, and that will imply altered demarcations for national trade unions." For instance in the chemical sector the scope and composition of national unions differ enormously, as exemplified by the British general workers unions and the German IG Chemie.

"In this sense Europeanisation may cause pressure to rationalise, reorganise and, to a certain extent, harmonise organisational principles. This is most clearly noticeable in transnational companies where national unions will have to find ordered ways of representation and participation."

Asked about the seeming lack of pioneer organisations within the ETUC, Gabaglio replied that "well, it is not always the big ones who take the lead." Referring to the British situation and the ongoing amalgamation process of unions, he foresaw that the emerging "mega-unions", where the real trade union people and force would presumably be situated, would have to take on a stronger European role. Such a development would necessarily prompt changes also at the level of the TUC. And despite the problematic British situation, it was significant that the British unions had agreed to go along with ETUC's strategy for European collective bargaining. In Italy the political situation had been difficult, but a process of union integration was underway, and this should also have positive implications for European developments. As far as the German DGB was concerned, the situation was more complicated, according to Gabaglio. – A process of trade union reform had been initiated, including

union mergers and redefinitions of relations between industry unions and the DGB, but:

“The ETUC strategy debate showed that we need more direct involvement of the German industry unions, not only in the industry committees, but horizontally. That would probably encourage more dynamism. I assume, however, that necessary decisions will be taken and as soon as we start to bite at the European level, they will come.”

The bottom line, in Gabaglio's view, was that time was running short for European trade unions. “Business does not wait for us. It will impose upon us new realities, and we can't wait for political super-structures to be constructed.” To cope with this situation,

“We should invest more in new trade union training of minds, to link national and European views so that these become parts of integrated realities.”

According to the Finnish *ETUC deputy general secretary Marku Jäskäläinen*,<sup>90</sup> the ETUC strategy document was a realistic compromise between North and South. – Despite the tension, he felt that the strategy debate illustrated how member organisations had become more closely connected to the ETUC. In reality there was not a real opposition towards Europeanisation anymore, although different views prevailed on how to proceed. The former tension between the Christian and Socialist unions had been ironed out and the distance between North and South was greater some years ago, in the view of Jäskäläinen. As regards North-South relations, he emphasised the crucial role of the Spanish unions:

“Although it was not very visible in the strategy debate one should be aware of the important and farsighted role of Spanish unions in the ETUC. The leader of the UGT, Redondo, is perhaps the most respected trade union leader in the ETUC, having good contacts with all camps, including the Nordics.”<sup>91</sup>

According to the real veteran in the ETUC Secretariat, the *confederal secretary, Peter Coldrick*,<sup>92</sup> development of European collective bargaining was “inevitable”. However, citing the former TUC leader, G. Woodcock, Coldrick added: “one has to recognise that trade unions are reactive organisations. But now, or later, we will have to react. The DGB was shocked by the Social Protocol, but we will face the dilemma that either the legislator decides or we do it ourselves”. According to Coldrick, an historical perspective was necessary for interpreting today's ETUC debates:

“Twenty years ago it was unthinkable that industrial relations would be a real European issue. Consciousness has changed substantially, especially during the last five years. Now national leaders discuss European issues seriously and the awareness of industry union leaders has risen. Within five years perhaps even members and rank-and-file will speak about the European dimension. Within some years we may have a single currency, which means workers will be paid in the same currency. This will have a great impact. Can you imagine that workers in the same company or in frontier regions will accept being paid differently for the same jobs? This means that national frames will change. The other side of the so-called decentralisation of bargaining is that decisions are centralised at corporate level, which further induces co-ordination on the part of trade unions.”

Although pay cannot be co-ordinated across all of Europe, new patterns of bargaining will

emerge, most likely on a regional level, according to Coldrick. Different scenarios could be imagined, but if we assume central European framework agreements on labour standards and the like, combined with evolution of collective relations in transnational companies, then the role of national bargaining, especially at sectoral level, will have to be transformed, although Coldrick admitted, "I don't know exactly how". Another scenario was a trend towards re-nationalisation to control costs, but if so, it would be a response to European pressures and within frames and references established by European developments. Such a scenario would, however, ingrain the danger that trade unions become trapped. Short-term attempts to cope on a national basis – and national union leaders live in the short term – may imply unintended collective consequences in the longer term, because trade unions become involved in self-defeating competition. So despite the reluctance and tension expressed in the ETUC strategy debate, Coldrick presumed that European trade unions would be forced by external developments to transcend this "rationality trap".

Also with regard to the internal configuration of actors in the ETUC, Coldrick argued that notable changes had taken place. The former coalition between the TUC, the Dutch and the Nordic unions seemed to lose importance, partly because the Nordic trade unions had not managed to pursue a consistent strategy. Their turn to support the German proposal for an Italian ETUC general secretary in 1991 (which as mentioned had raised a few eyebrows among the British and the Dutch), together with accelerated Community integration, might lead the Nordic trade unions into a more marginalised position if they did not find new ways of realigning with European developments, Coldrick opined. "In the long run it is not a sustainable position to remain halfway outside and voice protective policies inside."<sup>93</sup>

Another implication of the strategy debate, according to Coldrick, was that it affirmed the pivotal role of the German trade unions in the ETUC. Somehow outside any stable alliance pattern, the DGB had often pursued a bridge-building function. By their sheer size and strength they held a tacit veto-power. The problem, however, was that they seldom took the lead and usually refrained from using their power. This might sound paradoxical in view of the strategy debate, but the powerful German intervention in the final stage reflected exactly their lack of participation in earlier stages.<sup>94</sup> In a certain sense, this contributed to a power vacuum in the ETUC. Coldrick felt that the picture described above might also contribute to explain the strong position of Latin forces inside the ETUC. Of course, everybody was aware of the influential French CFDT-networks with Commission people around Delors and the strong Italian links between the ETUC and the DG V, which had been very efficient in providing ETUC influence on Community policy. For instance, the important Social Action Programme had presumably been invented within these networks. With the departure of Delors and current changes in the Commission, however, trade union actors from other countries would have to become more involved in ETUC policy formation, he felt.

Another aspect of the strategy debate on European collective bargaining, according to Coldrick, was that the struggle against economic recession and unemployment had somehow become overshadowed. During 1992 the ETUC had worked hard to pull the Commission and

the national governments into a serious discussion about these issues before the Birmingham and Edinburgh Summits in autumn 1992. Through the Brundtland initiative to elaborate joint EFTA-EC policy co-ordination to promote employment, taken further by Delors to the next EC summit in Copenhagen, this issue might, he hoped, enter the centre-stage of the Community agenda.

"It is notable that the Commission in this field to a great extent shares our viewpoints and uses statements by the social partners to bolster its case vis-à-vis the Council. In fact, regardless of outcome, this is very much a process which has been pushed by the ETUC, and on this crucial issue the Nordic actors may well acquire a more important role within the ETUC, due to their greater experience with macro-economic policy concertation."<sup>95</sup>

With respect to the more specific aspects of the ETUC compromise on social dialogue, *Jean Lapeyre, the deputy general secretary of ETUC* (with background in CFDT),<sup>96</sup> drew attention to French experiences during the 1980s. In the view of Lapeyre, the French Socialist government had succeeded in fostering a modernisation of national industrial relations through legal and institutional innovation. Despite the decline of union membership in France, the so-called Auroux-legislation had helped strengthen collective bargaining and had improved multi-level articulation of collective bargaining. Also the so-called "orientation agreements" in France could be seen as relevant for the designing of European framework agreements.<sup>97</sup>

According to Lapeyre, such French experiences were relevant for the European development, which fundamentally was about constituting actors and redefining industrial relations by means of legal and institutional innovation from "above". In the French case a "progressive or enlightened capitalist faction", sympathetic to the idea of establishing cross-border relations with employees and unions in transnational companies, had played a positive role. The CNPF had actually also been fairly progressive in trying to persuade UNICE fellows to engage in social dialogue and European works councils. Therefore, in the view of Lapeyre, it was important to recognise that UNICE was no unitary actor; it was struggling with profound internal divisions which the ETUC had managed to take advantage of during negotiations on the 31 October agreement and which might be possible to exploit also in the future. An important employer objective had not only been to avoid Community legislation, but to suppress new levels of regulation, notably the sectoral level, which in fact represented a strategic dilemma for the ETUC. With respect to the ETUC compromise, Lapeyre was concerned about the

"unclear consciousness (...) and the persistent dominance of national preoccupations. The most important trade unions don't really believe that European collective bargaining can bring 'hard value' to the national level".<sup>98</sup>

In the view of Lapeyre, the North-South and confederal-sectoral distinction was "too simplistic". – It may be true, he noted, that Southern unions are anchored in a stronger confederal legacy, and may have fewer legitimacy problems with transferring mandates to the European level, but this is mainly a German problem. The IG Metall intervention functioned as a boomerang, but it also signalled increased involvement, "although it is impossible to say



if this implies a tactical or a strategic change." Identifying the sectoral level as the principal arena in which to develop transnational bargaining, nevertheless represented a dilemma for the ETUC: This is the level where employers are most dis-organised and opposed to entering relations with unions, and no political-legislative pressure exists to force employers into dialogue. Another problem is "the tendency of the industry committees to protect their territory, which also reflects their historically contentious relations with the International Trade Secretariats", Lapeyre explained.

With regard to the current development of social dialogue, Lapeyre was worried about the increasingly reluctant role of UNICE:

"Quite frankly, UNICE is pulling back from the 31 October agreement. The Italian, Belgian and French employers have lost influence, no-one is really pushing inside UNICE, and the BDA and CBI are blocking."

The UNICE withdrawal also concerned participation of the EFTA organisations in social dialogue, according to Lapeyre. – Central actors in UNICE are very reluctant to allow EFTA organisations – who are presumably more positive to co-operation with unions – to participate fully. Another emergent dilemma was the question of how representative the social dialogue actually was. "New actors like the UEAPME, Euro-Chambre and COPA demand to be included in the process, and question how representative UNICE is. This may put pressure on UNICE to deliver, to confirm its legitimacy as the leading employer association." On the other hand, according to Lapeyre, the ETUC was also under pressure to accept inclusion of organisations like CEC and CESI, which had got support from key Commission actors.

"This represents a real trade-off since extension might improve the political credibility of social dialogue, but it could also lead to fragmentation."

In practice, however, the only way to resolve the legitimacy question was by reaching agreements, which, in the view of Lapeyre, would imply an act of mutual recognition. To overcome the stalemate, he suggested that the social dialogue should focus more on employment and economic policy, for example by taking up "a framework agreement on labour market policy or even a Social Pact for Europe to fight unemployment and promote recovery."<sup>99</sup> The bottom line, however, in Lapeyre's view, was that the momentum of social dialogue hinged on the political development of Community policy. – Under the prevailing Community crisis things look blurred, other governments may take over the British role, and it is difficult to see any government that is really devoted to create new dynamics into Community social policy. Therefore,

"the ETUC has become victim of a threefold crisis: the German reunification problems, the Maastricht crisis and the economic recession."

The only positive sign, in Lapeyre's view, was that the incoming Belgian Presidency had promised the Belgian unions to relaunch the directive on European works councils, which might

become adopted under the German Presidency next year when Maastricht was ratified.

### **9.8 Summary: Implications for ETUC integration and development of European collective bargaining**

As to content, the ETUC compromise on European collective bargaining meant:

- (1) a clear limitation of the scope for supra-nationalisation of ETUC policies and structures;
- (2) confirmation of the trade union subsidiarity principle, ensuring the dominant role of national actors and policies;
- (3) the view that the Europeanisation of collective bargaining should rely primarily on intensified co-ordination of national bargaining (transnationalisation);
- (4) that cross-border collective bargaining structures should be developed from below, primarily via buildup of independent trade union strength in multi-national companies and sectors;
- (5) and that the importance of “negotiated legislation” within the frameworks of top-level social dialogue was played down, but still considered useful for achieving an upward convergence of common minimum standards and frameworks conducive to Europeanisation on other levels.

I have argued that the compromise had a twofold effect: On the one hand, it represented a step backwards, compared to the “supranationalist” agenda adopted by the 1991 Congress and advocated by the Secretariat and several Southern affiliates. On the other hand it indicated a stronger emphasis on European issues among national affiliates. The premises of ETUC policy discussions were changed considerably; the perceived necessity and goal of European collective bargaining was no longer the question – rather, the core of the debate was how, when, under which conditions Europeanisation could be developed.

By pulling reluctant affiliates into this discourse and expanding the circles, increased coherence and seriousness were indeed evolving in the ETUC debates. Through exchange and accommodation of views between the most enthusiastic and the most sceptical affiliates a learning process was triggered, centred around the core challenge of coping with the wide range of interests and traditions among the various national affiliates. Awareness about the difficulties and risks at stake was heightened and a more in-depth understanding of the weaknesses and precarious character of the new institutional frameworks at European level evolved.

Moreover, renewed attention was given to the internal institutional challenges of how to ensure a credible system of decision-making, mandating and democratic accountability of ETUC policy. When changes at the European level motivated trade unions to start talking about matters that belonged to the core “central nervous system” of national trade unionism, they were forced to enter a more cautious and in-depth internal discussion on how to institu-

tionalise their own mode of co-operation at European level and the articulation between European and national policies.

In this sense, Maastricht became a watershed – or moment of truth – of trade union integration. After the hasty and somewhat euphoric adoption of new aims and visions before the IGC at the 1991 Congress, a process of more in-depth reflection emerged as the magnitude of the challenges was gradually realised and the question of operationalisation came to the fore. Thus the locus of the process was shifted from “supranational” actors and processes, back to national actors and processes – however, on a new basis and within altered circumstances.

Although the external policy processes were blocked, due to the Maastricht stalemate, an internal process of organisational change evolved, which pointed towards a transformation of relationships and tighter interaction between national and European developments. In my view this process meant a valuable turn from “Euro-idealism” to “Euro-realism” within the ETUC.

This process highlighted two significant challenges to ETUC integration:

- (1) the precarious institutional and cultural prerequisites for further Europeanisation and coping with national diversity;
- (2) the complex internal ETUC configuration of actors, interests and powers, associated with conflicting perceptions as to the most appropriate pathways for further integration.

The latter was closely linked to the limited organisational resources and capacities of the affiliates to engage in European policies, which reflected the difficult situation most trade unions were faced with at home. Conceived as an instance of consolidation and, possibly, deepening of ETUC integration, the process also drew attention to the potentially divisive effects of developing European strategies that were more ambitious and more binding.

It remained an open question, however, whether the ETUC strategy debate would lead to (1) accelerated Europeanisation of collective bargaining, and if so, in which form and direction; (2) a slow-down of developments; or (3) even a return to national confines.

The debate had made it fairly clear that further progress was heavily reliant on three uncertain factors: These were the external developments associated with (1) Community social policy legislation; (2) employer strategies; and (3) the internal will and capacity of national and sectoral affiliates to put into practice the policies envisaged in the ETUC strategy document. On all these factors, a majority of actors seemed inclined to pessimism, foreseeing a slow and step-wise pace of further integration.

These factors were, furthermore, intimately related to the development of Community integration in general, and economic developments in particular. A main thrust of the whole debate was that Europeanisation of veritable collective bargaining (as opposed to social dialogue and negotiated legislation) was something most trade unions were not particularly keen to undertake. This was perceived as something they would be forced to by reality, if the EMU became implemented. Indirectly this implied that any substantial Europeanisation of

collective bargaining was unlikely until (1) a more profound economic convergence had occurred; and (2) decline of national strategies had convinced key national unions that they had less to lose by such a shift of strategy (Dølvik 1993a). Insofar as this did not yet appear to be the case, small steps related to negotiated legislation within the frames of social dialogue seemed to represent the most feasible path, even though this was the option that had aroused least enthusiasm among central affiliates.<sup>100</sup> In conclusion, further ETUC integration seemed to hinge on a resurgence of the political process of Community social policy after Maastricht ratification – and what was indeed an uncertain precondition.

## **10 From theory to practice – social dialogue and European negotiations 1993–1997**

### **10.1 Overview**

The significance of political settlements on European institution-building, like the 31 October Agreement and the Maastricht Social Agreement, can – as mentioned – only be assessed on the merits of their implementation. Efforts to transform paper institutions into social practice tend to lead to unforeseen consequences, owing both to changes in the external context in which the institutions were born and to changes in the preferences and constellations of actors that enabled their initial inception. As regards the 31 October 1991 Agreement and the Maastricht Social Agreement (MSA), significant changes did occur, both in the economic and political context of EU integration and in the strategic concepts of the principal actors. While UNICE had consistently tried to withdraw from the initial compromise, questioning the legitimacy of the MSA, the ETUC had adopted a more conditional approach and signalled it would give priority to the development of sectoral European negotiations. These changes had reinforced the perception of “Euro-pessimistic” scholars that the new “corporatist” institutions of EU social policy would remain hollow structures with negligible impact (Streeck 1993, 1994), and had caused greater scepticism as to their viability, even among scholars with more “Euro-optimistic” leanings (Hall 1994a: 305, Martin and Ross 1995, Turner 1995).

In this chapter, I analyse what happened with social dialogue and European negotiations after the Treaty on European Union was ratified in autumn 1993, putting the ETUC strategy for developing a European system of negotiations and industrial relations to the test of practice. In section 10.2, I describe the attempts of the ETUC, European employers’ associations and EU institutions to implement the provisions of the MSA, with a focus on the development of cross-sectoral negotiations. Sectoral social dialogue and the early development of European Works Councils are reviewed in sections 10.3 and 10.4.

### **10.2 Cross – sectoral social dialogue**

#### **10.2.1 Introduction**

As shown in chapter 9, the concept of European negotiations embedded in the MSA caused uncertainty among European trade unions. Would the change in the political climate and the British opt-out from the MSA undermine the ETUC ambition of transforming social dialogue talks into binding negotiations? Or would the MSA’s option of extended qualified majority voting inject new legislative momentum and force employers to negotiate “in the shadow of the

law"? Would the trade unions be able to agree on a common line to follow; and, if so, would they prefer negotiations or would they trust the legislator more than the employers? How would the employers – i.e. UNICE – resolve the dilemma that they wanted neither legislation nor negotiations? Would the option of consensual social-partner negotiations enable employers (UNICE) to pre-empt the legislative process? or would the legislative threat prove real, even in cases where employers objected? What motives and conditions would prove decisive for the actors' choice of strategy, and what would these choices imply in terms of organisational change, mandating, interest intermediation and so forth? Would the trade unions be able to move ahead with voluntary negotiations, as suggested in the strategy debate – and, if so, at the confederal, sectoral or company level? And how to solve the legal complexities of implementation, which had caused so much confusion and controversy in the post-Maastricht debate?

These are the main questions underlying the empirical account in this chapter. Section 10.2.3 describes the installation of the new social dialogue institutions, while the subsequent sections analyse the attempts of European negotiations on European Works Councils (10.2.4), parental leave (10.2.5) and part-time work (10.2.6). The social dialogue on macro-economic policy and employment, focusing on the negotiations of a Confidence Pact on employment in 1996, is briefly reviewed in section 10.2.7, while the overall dynamic, constraints and outcomes of cross-sectoral social dialogue are taken up in section 10.2.8.

### **10.2.2. External policy setbacks**

During 1992, a combination of factors – Maastricht ratification stalemate, the onset of economic recession and the increased attention to subsidiarity and protection of national sovereignty – had brought Community social policy and the social dialogue to a virtual standstill. The outgoing Delors Commission adopted a very cautious approach and put forward only a few low-key social policy directives.<sup>101</sup> Early in 1993, the Commissioner of social affairs, Pdraig Flynn, called for a fundamental rethinking of Community social policy. Questioning the previous prescriptive legislative approach with focus on labour rights, he proposed that more emphasis should be placed on subsidiarity, citizenship and, possibly, deregulation (*Financial Times* 28.2.1993).

In a meeting of the ETUC Social Policy Committee (12 February 1993) the crisis of EU social policy was discussed with a representative of Commissioner Flynn's Cabinet, Mr. O'Sullivan, who spoke very frankly about the way of reasoning in the new Commission, further cooling ETUC expectations. With reference to economic recession and the problems of ratification where social policy was in the forefront, nearly all social policy initiative was blocked, he conceded. In view of the change of Commission president and the upcoming elections to the European Parliament in 1994, the "window of opportunity" was expected to remain very limited during the next two years. Besides, there were not many directives in the pipeline, except a few blocked cases, which indicated a substantial policy vacuum. The Commission representative also made it clear that the Social Protocol was "not a very helpful instrument", pointing

out that it was difficult for the Commission to proceed with only eleven states: "There is no enthusiasm for a two-speed Social Europe, which might have unwanted demonstration effects for other areas. Moreover, what is the sense of Community regulations for eleven in an internal market of twelve?", he asked, indicating that it might even aggravate the problem by offering the UK comparative advantages. In reality social policy was located at the fringe of Community policy, O'Sullivan went on to note, and since Community means were very restricted, the crucial issue was national policy co-ordination. Admitting that Community credibility was at stake, he warned that the social partners would not achieve anything by "leaping at the barricades". As to the ETUC proposal to launch a second Social Action Programme, he replied that there was no sense in piling together a bunch of not-adopted directives. Questioning the concept of social dumping, which in his view was basically a loose political phrase, he concluded by urging a fundamental reorientation of Community social policy in order to gain broader support. "Legislation should not (any more) be dropped from the sky, we need to figure out the real issues people want addressed. If not immobility is likely for years."

With such prospects, there seemed little to back up the ETUC hope that stronger legislative threats would force employers into negotiations at European level. Contrary to the ETUC expectation that Maastricht would lead to a breakthrough, EU social policy and social dialogue now seemed trapped by the Maastricht deadlock and the rising economic crisis.

Some hope was yet nurtured by the pending European Works Councils directive, which was a key issue for the ETUC. At the time, trade unions had been infuriated by the so-called Hoover case, a striking example of how transnational companies can play trade unions off against each other. The US Hoover company relocated production from a site in Dijon, France, to Cambusland, Scotland, where unemployment had reached 20 percent, wages were 37 percent lower, and the trade unions had guaranteed labour peace and moderate wage demands (*Financial Times* 2.2.1993, *Le Monde* 28.1.1993). The French government and unions, supported by the Commission president Delors, then accused Hoover of social dumping.<sup>102</sup>

The ETUC Social Policy Committee, meeting on 12 February 1993, was informed that the Danish Presidency had promised to relaunch the blocked EWC directive, possibly under the MSA, in order to ensure trade union consultation rights. This triggered an illustrative ETUC discussion about the dilemma of having to choose between legislation and negotiations. The ETUC had previously called for negotiations with UNICE on this issue, but now several ETUC affiliates doubted it would make sense to negotiate. Recalling the urgent need for regulation, key affiliates felt it would be a waste of time to involve UNICE; instead, it was suggested that "the ETUC should tell UNICE they had missed the boat". Consequently, when it came to real business it seemed as if most of the ETUC unions had more trust in the legislator than in UNICE.

During 1992–93 the soaring employment crisis meant a further shift of focus from worker protection to job creation. The so-called Delors White Paper on Growth, Competitiveness and

Employment issued in the autumn of 1993, proposed, among other things, a review of labour regulations that might be assumed to inhibit flexibility and job creation. After having submitted in 1993 a Green Paper on Social Policy (Com(93)551), the Commission initiated a lengthy consultation process; this eventually led to the adoption of a White Paper in 1994 (Com(94)333) which mainly argued for consolidation and implementation of already adopted policies. Although the Green and White Papers on Social Policy called for defence of the “European Social Model”, and regarded social partnership and contractual relations as preferential to legal regulation, they fuelled trade union doubts about the Commission’s commitment to promote social dialogue by legislative means.

### 10.2.3 Putting in place the new institutional frameworks

During the ratification stalemate 1992–93, some modest steps were nonetheless taken by the established social partners (the ETUC, CEEP and UNICE) and the Commission to adjust and clarify the institutional procedures of the “Val Duchesse” social dialogue, at least keeping it formally alive. In parallel several associations which had not previously been a part of the central social dialogue now demanded participation, drawing attention to the fact that the concept of a “social partner” had never been defined. On the labour side the main organisations demanding a say were the Confédération Européenne des Cadres (CEC), representing professional and managerial staff, and the European Confederation of Independent Trade Unions (CESI), which brought together a variety of “free and independent Trade Unions” (EIRR 244/1994). On the management side there was a wider range of organisations seeking participation, including Euro-Commerce (covering employers from retail, wholesale and distribution), and UEAPME (representing craft employers and small and medium enterprises) (*ibid.*).

At the first Social Dialogue Summit after Maastricht, 3 July 1992, as mentioned in chapter 9, the ETUC, CEEP and UNICE agreed that a Social Dialogue Committee should be established, replacing the former Steering Group and Ad Hoc Committee. During autumn 1992, agreement was reached with the Commission that 20 representatives from each of the participating parties (the ETUC, CEEP and UNICE) could take part, while EFTA organisations so far were allowed only one observer from each country. The meetings held on 14 October 1992 and 16 January 1993 dealt mainly with reorganising the structure of committees, reflecting the “transition period as we wait for ratification of the treaty”.<sup>103</sup> It was also agreed to request the Commission to allow the social partners of the EFTA countries to participate on an equal footing, provided EFTA funding was secured. Moreover, the representation of the social partners in the flora of Community advisory committees was discussed; the conclusion was that their consultative role should be strengthened and that their delegations should be appointed by the European organisations, not as before by national governments.<sup>104</sup>

As the signing of the TEU drew closer, autumn 1993, discussions were initiated on a joint ETUC/CEEP/UNICE statement on how to implement the new procedures. A draft proposal from the three bodies was discussed in the Social Dialogue Committee on 19 October 1993 and finalised by the Secretariats.<sup>105</sup> The key issue concerned who was to be allowed to partic-



ipate in the social dialogue. — “In light of the responsibilities conferred on them by the Agreement, the concept of Social Partners needs to be defined more clearly.” The criteria proposed demanded that the organisations involved in negotiations under articles 3 and 4 of the Social Agreement should meet all the following conditions:

- \* be organised horizontally or sectorally at European level;
- \* be composed of organisations which are themselves regarded at their respective national levels as *representative* of the interests they defend, particularly in the fields of social, employment and industrial relations policy;
- \* *be represented in all member-states* of the European Community and, possibly of the European Economic Area, *or have participated in the ‘Val Duchesse’ social dialogue*;
- \* be composed of organisations representing employers or workers, membership of which is voluntary at both national and European level;
- \* *be composed of members with the right to be involved, directly or through their members, in collective negotiations at their respective levels*;
- \* be instructed by their members to represent them in the framework of the Community social dialogue (italics added).

The three established social partners thus proposed a set of criteria well-designed to guarantee their own representational monopoly while raising the threshold for admitting new associations. The condition of representation in all member-states would effectively exclude several contenders (e.g. CESI), but could also undermine the role of CEEP, thus necessitating the additional criterion “...or have participated in the Val Duchesse social dialogue”. Most of the ETUC and UNICE confederations did not hold a bargaining mandate at national level, but this problem was resolved by the reference to indirect participation in national collective negotiations through their composite members.

In the view of the ETUC, CEEP and UNICE, the criteria above should also be followed in consultation over EU legislative proposals. Moreover, the three associations demanded “to be consulted together and in a separate framework, as is now the tradition, on all horizontal questions not specific to a given sector”.

Concerning possible European negotiations, according to article 3 and 4 of the Social Agreement, the ETUC, CEEP and UNICE emphasised the requirement of “mutual recognition of each other as social partners”. If negotiations resulted in an agreement that was to be implemented via the voluntary route, “the terms of this agreement will *bind their members* (my emphasis) and will affect only them and only in accordance with the practices and procedures specific to them in their respective member-states.” The three associations made it clear that, if an agreement were sent to the Commission for a Council decision, and it became subject to amendment, they would suspend the agreement. As to national implementation of such a Council decision, they also stated their belief that member-states “can entrust the social partners, at their joint request, with implementation of Council decisions taken on the

basis of their agreement". This alluded to strong demands by, among others, Nordic associations which were keen to defend domestic systems of industrial relations from judicial intrusion.

Soon after, the Commission presented a Communication (Com(93)600) on how to implement the MSA, see figure 10.1 next page. Here deep concern was expressed about the difficulties of proceeding on the basis of a dual and partly inconsistent and overlapping treaty base. It was suggested that the Commission would, as far as possible, proceed on the basis of a common front among the twelve. The MSA, it seemed, would be activated only in cases of British blockage, leaving considerable scope for other governments to pull back in response to the British "opt-out".

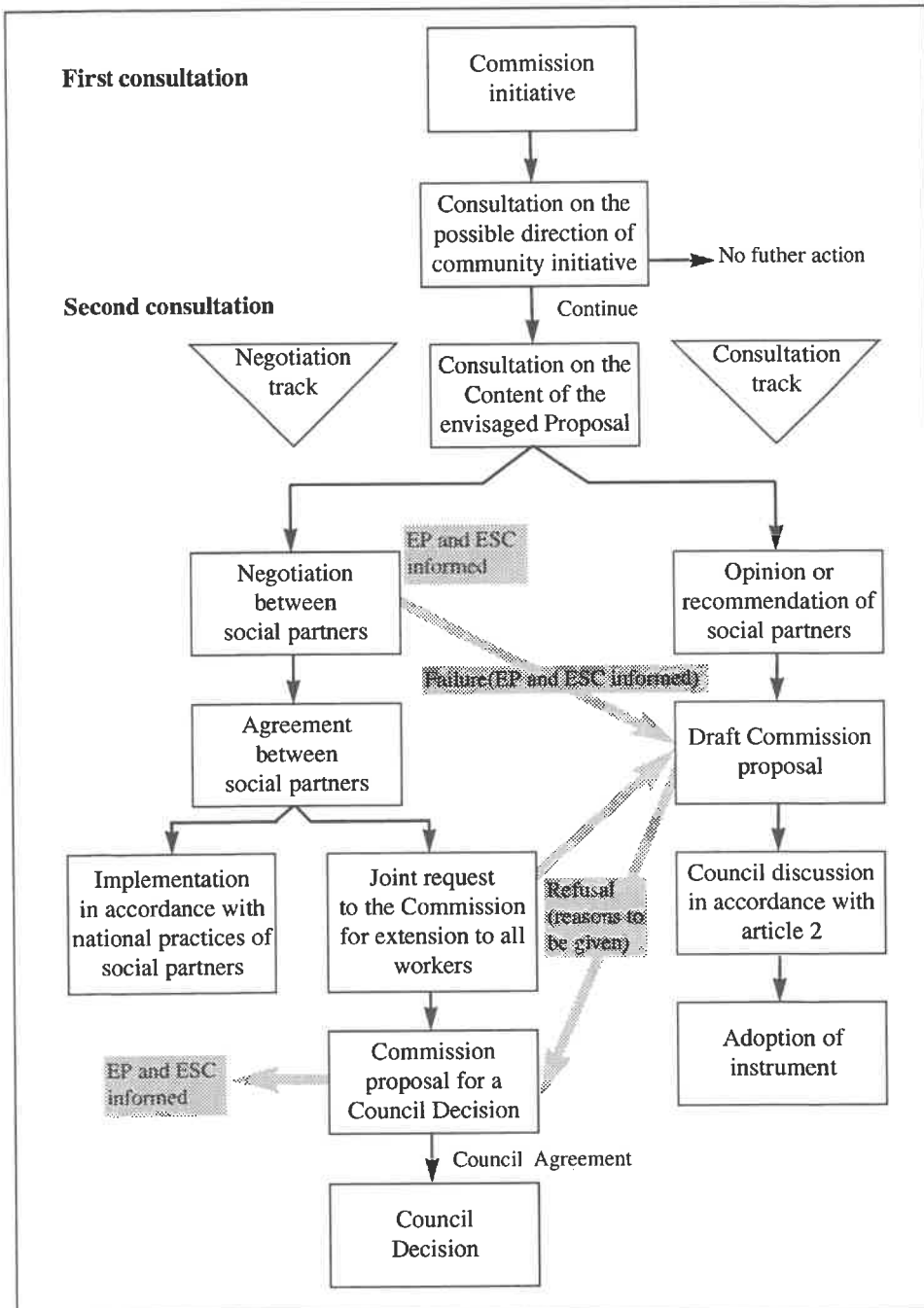
With respect to social dialogue, the Communication distinguished between consultation on legislative matters and possible negotiations. As to consultation, the Commission suggested it would continue in line with the established two-tier pattern, whereby exchange with the ETUC, CEEP and UNICE within the Social Dialogue Committee would be complemented by consultation with a broader set of organisations on a more ad hoc basis. The idea of formally establishing a tripartite or joint advisory committee was rejected, even though the need for some rationalisation of the process through liaison structures was realised, reference being made to the problems presented by a "multiplicity of potential actors". In order to be taken into consideration for consultation, according to the Communication, the organisations representing the social partners should meet the following criteria:

- 1) be joint trade organisations, sector-based or category-based and organised at European level;
- 2) be made up of organisations which are recognised as an integral part of the structures of the member-states' social partners and have the ability to negotiate agreements and, as far as possible, be representative in all member-states;
- 3) have adequate structures enabling them to participate effectively in the consultation process.

On the basis of the representativity study pursued by the Commission<sup>106</sup> the Communication concluded that, given the great diversity of national practices (as to mechanisms for recognition of social partners), there existed no single model which could be reproduced at European level. Still, a list of organisations considered to meet the general criteria above was elaborated, which would have to be assessed in view of the character and scope of the specific proposal in question (EIRR 241/1994).

At the cross-sectoral confederal level, only the ETUC, CEEP and UNICE were considered representative, while several associations representing either sectors or specific categories of workers/businesses were deemed representative in issues concerning their categories. The most significant result of this exercise was that CESI was not included – which served to bolster the already-dominant role of the ETUC as the legitimate confederal representative of trade unions at the European level. CEC, however, was considered representative for managerial employees, as was the association of small and medium-sized enterprises (UEAPME) on the

**Figure 10.1 Implementation of the Maastricht Social Agreement**



Source: European Commission (1996), *Community Social Policy. Current Status 1 January 1996*, page 8.  
(ESC = Economic and Social Committee)

employer side, while Euro-Commerce figured on the list of representative sectoral associations. Thus, compared to the criteria proposed by the ETUC, CEEP and UNICE (of which the Commission “had taken note”), the Commission adopted a more flexible approach to consultation, a fact heavily criticised by the ETUC (*Agence Europe* 10/11.1.1994).

As far as European negotiations according to article 3 and 4 of the MSA were concerned, the Commission recognised “at the same time the substantial body of experience behind the social dialogue” set up among CEEP, the ETUC and UNICE, and emphasised the need to respect the bargaining autonomy of the social partners: “We are dealing with an agreement which the social partners may conclude on their own initiative and in accordance with methods and procedures freely agreed upon among themselves” (Com(93)600). Hence the social partners were in no way required to adhere to the content of the (legislative) proposal in preparation, nor would the Commission accept any Council amendments of eventual agreements (in such case, it would withdraw its proposal for a decision). The Commission also underscored its responsibility to take any necessary measures to facilitate the dialogue “at all the levels at which Community negotiations can take place” (including sectoral and transnational company level).

The Communication, furthermore, stated that the MSA exclusion from Community competence the right of association, the right to strike and the right to impose lock-out, implied that the eleven signatory member-states did not wish to regulate by means of binding provisions the procedures whereby the parties concerned could ultimately arrive at contractual relations at Community level, nor, a priori, to recognise formally the parties entitled to sit at the Community negotiating table. Thus, the Communication indirectly confirmed the view of the ETUC, CEEP and UNICE, that this belonged to the autonomy of the social partners themselves, basically depending on their mutual recognition.

As to implementation of possible agreements, however, the issue was apparently not that straightforward. In the case of implementation via the Council route (which seemed the most feasible way), the Commission would check formally the representative status of the contracting parties, their mandate, and the “legality” of each clause of possible agreements in the light of Community law, and on that basis recommend rejection or adoption of a decision. Indirectly, such a procedure would imply a mechanism for official recognition of legitimate social partners at the European level. With regard to the much-debated question of what a decision actually would mean, the Commission took the view that the term “decision” used in Article 4(2) of the Social Agreement “cannot but be interpreted in the true sense of the word as referred to in Article 189 of the treaty”.<sup>107</sup>

Even though the Commission Communication represented a clarification of the procedures to be followed, the two-tiered structure, granting the ETUC, CEEP and UNICE a privileged position, remained contested by outside organisations and accentuated principle questions about the democratic legitimacy of this kind of corporatist decision-making at the European level. Similar scepticism had also been voiced by the European Parliament, which called for an expansion of organisations allowed to take part in top-level negotiations and

warned against circumvention of the EP in social policy regulation (EIRR 237/1993).<sup>108</sup> According to Commissioner Flynn, it would, however, represent a break with the principle of subsidiarity if the Commission did not respect the autonomy of the social partners themselves to decide whom they recognised as bargaining partners (*Agence Europe* 16.9.93).

The pragmatic approach adopted by the Commission, with respect to representativity and consultation of social partners, has by some scholars been regarded as a strategic choice with far-reaching consequences. Traxler and Schmitter (1995: 248) argue that the Commission hereby missed an opportunity to enforce the constitution of a more representative and coherent structure of associations – especially on the employer side – which could have provided greater legitimacy and efficiency to the social dialogue. Similarly, it might be argued that the Commission thus demonstrated the weak capacity (or will) of the Community to act as a real “third party” in industrial relations, enabling the constitution of a viable system of corporatist interest intermediation.

Still, despite the lack of substantial progress in social dialogue, the institutional changes associated with the MSA did seem to strengthen the desire among organised actors to gain a seat at the European negotiating table. This indicated that a dynamics of contest and rivalry from outside actors might force the dominant actors to reassess their position.

#### **10.2.4 The first test of the Social Protocol procedure – European Works Councils**

##### *Background*

On 1 November 1993, the Maastricht Treaty on European Union (TEU) was ratified. Immediately thereafter, the Commission started forwarding remaining blocked directives of the 1989 Social Action Programme through the procedures of the MSA, most conspicuously the contested European Works Council directive.

The issue of information and consultation of employees in transnational companies (TNCs), which for more than twenty-five years had caused political controversy and strong employer resistance, hence became the pioneer test case of European negotiations under the MSA. As soon as the TEU was in place, the Commission initiated the first consultation round with the social partners, inviting their views on the issue and asking about their willingness to start negotiations. The historical legacy of the proposal and the great symbolic value attached to it, however, made the question difficult to settle.

Since the early 1970s, various legislative measures to ensure workers the right to information, consultation and participation in companies had been proposed. Only those concerning specific issues – to wit, the 1975 collective redundancies directive, the 1977 business transfers directive and the 1989 “framework” directive on health and safety – had reached the EC statute book (Gold and Hall 1994: 178). Blockage had met proposals of more systematic, institutionalised employee participation in corporate decision-making – like the successive

drafts of the European company statute, the so-called "Fifth" company law directive, and the "Vredeling" directive on information and consultation of employees in complex companies. This reflected strong employer opposition, resistance of certain governments (especially the UK), and the problems of harmonising diverse national systems of employee representation (Hall 1992).

In the late 1980s, the single market project and the acknowledgement of the need to develop a legislative approach which would accommodate national practice, led the Commission to focus on the transnational dimension of employee information and consultation (*ibid.*). As emphasised by Streeck (1997: 12, 18), this change of regulative approach meant that the aim of harmonisation or incorporation of national arrangements in European legislation was replaced by the aim of co-ordination, "to protect the integrity of national systems against some of the externalities arising from economic integration". In view of the wave of cross-border acquisitions and mergers triggered by the single market, the Commission argued that European legislation was needed to bridge the gap between increasingly transnational systems of corporate governance and workers' nationally-defined and nationally-confined information and consultation rights (Gold and Hall 1994). Such regulation was also deemed necessary to ensure the social acceptability of the extensive restructuring associated with completion of the single market. In 1990, the Commission accordingly proposed a directive to make European Works Councils compulsory for large enterprises operating across two or more member-states.

For the ETUC, European Works Councils (EWCs) represented the masterpiece of the social dimension, and the proposal was warmly welcomed:

"The Executive Committee realises that the establishment of EWCs is a vital component in the construction of European-level employer-employee relations and has a crucial bearing on the future of the trade union movement within Europe."<sup>109</sup>

UNICE, however, condemned the proposal as "totally unacceptable", arguing that a single legislative approach would be inflexible, costly, time-consuming, incompatible with decentralised company structures and would cut across the variety of procedures evolved by companies to suit their particular circumstances.<sup>110</sup> Consultation was most appropriately carried out at workplace level with workers directly affected by a particular decision. Hence, UNICE subsequently issued proposals for a (non-binding) EC recommendation on the topic, under which local management would be responsible for the provision of information. The EC Committee of the American Chamber of Commerce also mobilised against the directive, opposing the pressures which EWCs would generate for European-level collective bargaining, while the European Round Table of leading multinational companies were less hostile to legislation on information rights – provided the right to consultation and an EWC structure were excluded. Also French employers seemed more positive, partly reflecting the fact that the directive was influenced by the prior existence of a number of prototype EWCs, predominantly in state-owned French corporations (Gold and Hall 1994). In 1990 also the Volkswagen

company had set up an advanced EWC, including board representation, suggesting that the political-ideological stance of UNICE and the actual practice of leading TNCs were not necessarily coinciding (Schulten 1992).

Moreover, from 1991 the EP provided substantial financial support – increased to 14 million ECU in 1992 and 17 million in subsequent years – for trade union co-operation and voluntary attempts to set up EWCs in MNCs (EIRR 238/1993).<sup>111</sup> In 1991–93 more than 200 meetings were held between trade unionists in transnational companies, organised by the industry committees of the ETUC (Schulten 1995). Early 1993 the spectacular Hoover case added to the politicisation of the issue. Hence, for the first time in the history of European social policy a legislative proposal was accompanied by a certain mobilisation and social pressure from ordinary trade union representatives at national level. Moreover, this was a proposal that responded to evolving social practice, which suggested the reform was not as dangerous as officially claimed by the employers' associations. Thus, faced with the solid alliance supporting the directive – including the EP, ECOSOC, the Commission, the ETUC and a vast majority of governments – the diversity of views on the employer side put UNICE on the defence from the outset (*ibid.*: 179).

The legal basis (SEA article 100) of the proposed directive, which had been amended and re-tabled in 1991, however, required unanimity. This meant that the UK was able to continue blocking. This was probably one of the issues that had caused growing irritation among the other (eleven) member-states, and had convinced them at Maastricht to install the MSA, precisely so as to be able to circumvent UK obstruction.

In 1993, before the ratification of the Maastricht treaty, the directive was taken up again by the Danish Presidency, and the Belgian Presidency (12 October 1993) achieved broad acceptance, except from the UK, of a revised text at the meeting of the Council of Labour and Social Affairs. By that time, the issue had been taken up at fourteen meetings of Council working groups, five meetings in Coreper and five meetings at Ministerial level.

The revised directive proposed a European Works Council based on negotiations, in every "Community scale group of undertakings", defined as a group with at least 1000 employees within the EC/EU and two undertakings in different EC/EU member-states with at least 100 employees in each. A "special negotiating body" of workers' representatives and employers to set up a EWC would specify, by written agreement, the scope, composition, powers and terms of the EWC in talks that were to be held "in a spirit of co-operation with a view to reaching an agreement". The social partners were given considerable latitude concerning the kinds of arrangements to be made, to enable national habits to be taken into account. Minimum requirements, however, would mandate that an EWC be composed of no more than thirty members (drawn from existing employee representatives, or elected if such did not exist); meet at least annually; be informed of company activities and projects (that is, accounts and strategic plans should be open); and be assembled before the implementation of any decision significantly affecting employees' interests. The EWC competence would be limited to transnational matters concerning the group in question and should be financed by the group.

Responding to the blockage of the UK and requests from the Council (Schulten 1995), the Commission then decided to initiate the procedures provided by the MSA, according to which the issue could be settled by qualified majority voting, alternatively through negotiations.

In a speech to the British CBI 14 October 1993, the Commission's Padraig Flynn had already appealed to the social partners to begin negotiations over EWCs without delay, insisting on the need for "a new consensus in Europe on how to make the many changes we know are coming and that a climate of mutual trust between the social partners would contribute enormously to this". He added, however, that "if the social partners cannot reach agreement, I am firmly convinced that there will be legislation. There is wide agreement between eleven member-states on this point" (Gold and Hall 1994: 180).

The UNICE had already called for negotiations, warning that in case of legislation "the member-states would demonstrate a total lack of respect of the enhanced role attributed to the Social Partners at European level in the Maastricht treaty" (UNICE 10.5.1993). The ETUC and its industry committees, on the other hand, had long since voiced their scepticism as to negotiations. As stated by the ETUC general secretary, E. Gabaglio, "UNICE's stance rules out any possibilities of bona fide negotiations on this matter (ETUC Report 17/93), and a renewed invitation from UNICE in September 1993 had been turned down by the ETUC as "too late, but mainly too little" (ETUC PR 26/93, in Ohm 1996).<sup>112</sup>

### *The talks about talks*

The official legislative process was initiated 18 November 1993: the Commission sent a letter to the social partners in which it wished "to seek again the view of the Social Partners on the issue", requesting their written opinion on the possible direction of Community action and, in particular, "on the opportuneness, convenience and viability" of the sketched proposals (which largely reflected the main points of the Belgian proposal). The letter also requested the parties to show willingness to enter the second stage of consultation with a view to initiating at Community level the negotiations envisaged by the provisions of the MSA.

Whereas UNICE and CEEP reiterated their preference for a "broad voluntary approach", the ETUC favoured the legislative text of the Belgian Presidency, but did not pronounce any clear view on negotiations (Ohm 1996: 65). The ETUC distrust of the UNICE intention to negotiate was, however, expressed by E. Gabaglio: "As things stood, and with UNICE still taking a negative attitude, there was no way in which negotiation between the two sides of industry could substitute for the adoption of the directive" (ETUC Report 31/93, in Ohm 1996). In the view of the ETUC, opting for legislation was "a test of the political will of the eleven signatories to the MSA to achieve real progress towards Social Europe" (ETUC Report 1/94, *ibid.*: 66).

As to UNICE, it sent a letter to all Commissioners, warning that if a new text for consultation were built on the Belgian proposal, that would be taken as a sign that UNICE views were not respected, which would harm the social dialogue and the use of the new MSA procedures: "European employers do not accept to take part in a process where their views are



ignored and the playing-field is dangerously tilted in favour of the other side" (UNICE 31.1.94, in Ohm 1996: 67). Clearly, UNICE did try to use the right of negotiation to pre-empt Community legislation, as predicted by Streeck (1993).

For the second stage of consultation, launched in February 1994, the Commission circulated a new draft of the directive. The concept of EWC was replaced by "mechanisms for informing and consulting employees in Community-scale undertakings or groups of undertakings", and the threshold to be covered by the directive was amended to 1000/150 employees in at least two member-states. In addition a new sequence was introduced, allowing voluntary "agreements in force" based on "alternative mechanisms" prior to the final date of transposition into national law (September 1996), to be considered "prior acquired rights" – this as a response to UNICE demands for greater flexibility. Allowance was made for two years of free negotiations, requiring minimal conditions of conformity with the minimum requirements. While some observers considered the changes to be fairly modest (Gold and Hall 1994: 181), others saw the revised Commission text as a significant dilution (Schulten 1995, Martin and Ross 1995).

The ETUC saw this "complete U-turn" of the Commission as "totally unacceptable, (...) failing to understand how the Commission could amend the Belgian presidency's compromise, which had attracted broad consensus, even before the second round of consultations with the social partners" (ETUC PR 2 and 4/94). UNICE persisted in its opposition, because the minimum requirements would still enforce a centralised structure for information and consultation (UNICE 31.3.94), which meant that the voluntary negotiations would grant employee representatives the upper hand.

Even though the amendments of the Commission's revised proposal were quite limited, they were obviously intended to encourage ETUC willingness to negotiate. The ETUC position was in fact more complicated than reflected in its official preference for legislation. Several Southern affiliates, as well as the British TUC, whose members would not be covered by a directive, were highly in favour of negotiations (which they hoped could circumvent the UK opt-out by pulling CBI into a negotiated deal). Moreover, since the establishment of a European level of industrial relations and collective bargaining had long been a key objective of the ETUC, it could be perceived as inconsistent if the trade unions backed out on the first occasion, leaving UNICE to act as advocate of European negotiations. On the other hand, having been assured that the German Presidency, to begin in June 1994, was determined to pass the EWC directive, most ETUC affiliates were opposed to negotiations out of fear of dilution. Especially the German unions were critical of granting the ETUC a negotiating mandate, fearing it could undercut German co-determination. The ETUC's E. Gabaglio, however, kept the door open by stating that negotiations could still be considered if the ETUC were convinced that UNICE was not trying to dilute legislation and accepted the need for genuine information and consultation structures. Even though the ETUC wanted basic social rights legislated, "it may be swayed by the legitimacy that its involvement in European-level agreements would confer" (EIRR 238/1993). The ETUC Secretariat thus gained acceptance for entering into

“exploratory talks” with UNICE in the framework of the Social Dialogue Committee (where three extra meetings were held 23 February, 9 March and 17 March 1994). An important motive was to avoid becoming the scapegoat for having spoiled the use of the negotiation-option which the MSA had provided.

During the early pre-negotiations, the ETUC put forward six preconditions for further “-talks about talks”, insisting, among other points, that any bargain reached should declare that information and consultation was a fundamental right at European, general management and all other decision-making levels.<sup>113</sup> The ETUC also made clear its preference that any agreement reached between UNICE, CEEP and itself should be submitted to the Council to become Community law (Martin and Ross 1998b). UNICE then refused negotiations on the basis of the ETUC preconditions. It had reservations against the demand that information and consultation should be considered a “right”, but declared its willingness to accept “appropriate arrangements” for information and consultation in TNCs on a transnational level, based on a more flexible approach and examination of alternative methods and procedures. Subsequently, UNICE and CEEP proposed to negotiate about a set of issues – according to UNICE’s Tyszkiewicz, “a genuine offer, which sets no preconditions and opens the way for a satisfactory and rapid settlement of this controversial and long-outstanding issue” (UNICE Press 15.3.1994).

At the 17 March meeting, therefore, it seemed that negotiations would be initiated. Each part tabled texts, spelling out their respective positions.<sup>114</sup> UNICE and CEEP twice came forward with proposals which moved in the direction of the ETUC position. They recognised the right to information and consultation in MNCs,<sup>115</sup> but in the view of the ETUC they did not go far enough towards accepting responsibility of the central management to negotiate with representatives of workers concerned at transnational level. The ETUC rejected the proposal, stating that “the lack of will on the part of UNICE/CEEP to make any undertaking on these essential points remove all credibility from the employers’ position, and shows that the ETUC was right to want to check that will before engaging in a negotiating procedure” (ETUC PR 19/94, in Ohm 1996). The Social Affairs director of UNICE, Renate Hornung-Draus, countered that UNICE/CEEP’s offer contained no preconditions and that UNICE was in principle open for discussion of all possibilities, including transnational structures. She added that: “It now appears that the ETUC prefers the legislative route and therefore say no to application of the new procedures under the Maastricht Protocol which we – UNICE, CEEP and the ETUC – ourselves proposed in 1991” (UNICE Press 23.3.1994).

A process of face-saving and mutual blaming would appear to have started, but behind the scene the Secretariats of the parties continued informal talks, leading the UNICE Executive 29 March to offer a new draft “statement of conclusions”, claimed to be very close to the ETUC demands (Ohm 1996: 71, Gold and Hall 1994: 181). It seemed that UNICE had capitulated and given in to pressures not only from the ETUC and the politicians, but also from internal affiliates and from several multinational companies which held more open views on the issue.<sup>116</sup> During subsequent talks, it was apparently agreed to start proper negotiations, but

just before the expiry of the deadline the British employers' association (CBI) defected (Falkner 1996a: 198). In a public statement CBI declared it had supported moves towards a negotiated solution, but that "the latest proposed pre-conditions of negotiations go too far towards conceding the establishment of a transnational structure. The CBI has therefore told UNICE, and through them the ETUC, that it does not regard the draft as an acceptable basis for negotiation" (CBI 29.3.94, in Gold and Hall 1994: 181).<sup>117</sup>

In a swift response, the ETUC announced that the "talks about talks" had been "torpedoed" and that the Commission should now proceed to issue a formal legislative proposal for a directive (ibid.: 181). In view of the scepticism within the ETUC to enter negotiations, many affiliates probably saw the CBI defection as a welcome opportunity to pull out. This also because no proper bargaining order had been established, causing uncertainty.

The first attempt to apply the new MSA procedures, thus, ended in disarray and mutual accusations, with each part blaming the counterpart for the failure to enter negotiations. Soon afterwards, the process of legislation embarked on a "fast track" to ensure that a directive would be enacted during the German Presidency. UNICE urged the Council to take into account that "this directive will ruin (...) industrial relations at company and European level" (Falkner 1996a: 202), but no major amendments were made. While the symbolic concept of a European Works Council was reintroduced in the title, a Commission proposal to lower the threshold to respectively 1000 and 100 employees in two member-states was rejected and the period for negotiating voluntary agreements was extended from two to three years by the Council (ibid.: 200). With the abstention of Portugal, the directive was adopted on 22 September 1994. Thus, a quarter-century of bitter struggle was brought to an end. In the eyes of the ETUC, this represented "a historical milestone in the development of a Social Europe and a European level of industrial relations".<sup>118</sup>

### *Organisational and analytical lessons*

Even though the outcome was a success for the ETUC in terms of fulfilling its most important European social policy demand, the failure to start negotiations cast doubts about the credibility of the social partners and the viability of the new MSA provisions.

The ETUC did its best to put the blame on CBI and the lack of coherence on the employer side, but it was difficult to conceal the paradox that the ETUC, as the main instigator of European negotiations, had been reluctant to negotiate, preferring legislation when it came to the test of practice. For the ETUC the substantial and immediate interest in achieving European Works Councils had emerged as more important than the longer-term institutional interest in establishing the precedent of a European agreement. Thus, the pioneer test-case of the Social Protocol illustrated in an ideal-typic way the dilemma that many trade union sceptics warned of during the ETUC strategy debate in 1992–93: Why negotiate with employers whose only aim is to dilute regulations, when the legislator can deliver the goods anyway, by means of qualified majority voting?

The EWC case clearly revealed the underlying logic of negotiations under the threat of law:

The game was about how much dilution the ETUC would accept to get the precedent for Euro-bargaining, versus how much UNICE would upgrade its minimalism to avoid the worse evil of legislation (Martin and Ross 1998b). The failure to strike such a tradeoff showed the inherent difficulties of inducing negotiations by the threat of legislation, which implies that the parties' bargaining power relies on the credibility and content of the legislative proposal – in other words, on the political constellations in the Council (Ohm 1996).

The "negotiate or we will legislate" -formula seemingly forced UNICE to accept negotiations, but the ETUC remained uncertain of UNICE's will to engage in good faith. According to a central Commission source, many employers thought the Council would never pass the directive<sup>119</sup> suggesting they hoped the pre-negotiation exercise would convince the Council to revise the text. The credibility of the legislative threat, on the other hand, effectively eroded ETUC incentives to negotiate. Even though the ETUC Secretariat seemed prepared to continue the pre-negotiations, especially German union representatives intervened to put an end to the process. Hence, "the heart of the story was that the ETUC wanted a directive more than UNICE wanted negotiations to avoid one" (Ross 1995a: 384).

Moreover, as emphasised by several participants, background factors overdetermined the outcome.<sup>120</sup> The historical legacy and symbolic meaning of the issue had forced the actors into predetermined positions, loaded with political prestige, which, together with the detailed content of the proposed directive, left minimal scope for real negotiations. As argued in a UNICE reply to the Commission:

"UNICE must point to the virtual impossibility of conducting free and impartial negotiation when the Commission's document has promised in advance, to grant one side virtually all it has always requested. To quote the general secretary of the ETUC (meeting of 9 March 94): 'We cannot give up what is already in our pocket'. The lesson for the future – if the Eleven Agreement and the Social Dialogue are to succeed – is that all main sensitive issues must be left for the Social Partners to try resolve in negotiations, and not spelled out in full detail, in the second-stage consultation. Such a procedure would also be more in accordance with the spirit and the letter of the Social Protocol, especially art.3.1" (UNICE 31 March 1994).

UNICE also criticised the ETUC's rejection of negotiations on the pretext that British employers had pulled out; here the UNICE argued that this would not have made any difference whatsoever, as the ETUC had insisted that any agreement would have been turned into a Council decision from which the UK in any case would have been excluded (UNICE Press 5.4.1994). This argument, however, seemed more a part of UNICE face-saving efforts. An agreement which had included CBI/TUC, and hence had circumvented the UK "opt-out", would in fact have made a great difference for the ETUC, since UNICE had approved the principle that European agreements would be binding for the affiliates of signatory parties.<sup>121</sup> In any case this underscored the ambiguous influence of the British "opt-out". As mentioned, the ETUC decision to explore the scope for negotiations reflected heavy TUC pressure, and on the employer side the CBI eventually pulled the carpet. This infuriated several UNICE affiliates and led to deep rifts in UNICE afterwards.<sup>122</sup>

Another lesson from the EWC case was that the parties were not adequately prepared to

conduct European negotiations. Both sides had mandate difficulties and suffered from unclear decision-making procedures and co-ordination, leaving uncertainty about how much space the pre-negotiators had for manoeuvring. UNICE had serious problems with its Irish, Danish and British organisations; by contrast, the Latin and Belgian employers were quite eager to negotiate. The ETUC had, as it often has had, a German problem, the DGB favoured legislation, as did the Nordic unions (Martin and Ross 1998b).

Many of those who participated in the process have argued it was a misjudgement of the Commission to use the high-stakes EWC case to test the MSA negotiating procedure – “the mission was impossible”. Yet, according to Emilio Gabaglio of ETUC, it was a useful learning experience, triggering change on the employer side and thus paving the way for more successful subsequent cases.<sup>123</sup> Moreover, “the most important ETUC aim in the EWC case was to achieve recognition of the right to transnational trade union representation, which might give impulses to development of European collective bargaining at cross-border level and promote establishment of industrial relations at European sectoral level” said Mr Gabaglio. This aspect, however, according to Zygmunt Tyszkiewicz of UNICE, was exactly the underlying reason why UNICE was so reluctant to accept a centralised structure of information and consultation: “UNICE had nothing against information and consultation – it is indeed an indispensable part of modern management methods – but we strongly objected to the real ETUC aim of using EWCs to develop centralised collective bargaining in MNCs.” This was an allusion to previous statements of the UNICE president, Carlos Ferrer, that “employers cannot avoid believing there is a hidden agenda behind all this, more concerned with ideology and the creation of Pan-European unions than with genuine worker involvement” (Knudsen 1997).

The experience that the legislative threat in this case proved to be real, became a “moment of truth” for many employers. As noted, prominent scholars had argued that the option of European negotiations would provide employers with an effective veto right, since such negotiations presupposed “the very capacity to legislate that the Community so conspicuously lacks” (Streeck 1994: 170). Accordingly, Streeck held the EWC directive “extremely unlikely ever to be passed into law” (*ibid.*: 162); but in this case, it turned out that the Community actually was committed to enacting regulations against the protests of employers. Moreover, Community institutions actively provided funding and organisational aid to support the weaker part, the trade unions, in developing voluntary EWCs and put pressure on employers. For the ETUC this meant a significant breakthrough, demonstrating that their European efforts could actually bring results. The EC/EU was not simply an “executive committee” of the European “bourgeoisie”, as suggested by Streeck and Schmitter (1992); it could indeed serve as an instrument for promotion of labour interests. Still, the question was whether this represented an exceptional case. The Commission and the Council majority had long since committed themselves, and they had evidently recognised the need to boost the credibility of the Community in the eyes of workers and ordinary people. To give in to UK and UNICE pressure could have been a self-defeating undertaking of great symbolic significance, likely to sap any remaining trade union faith in European integration. Moreover, during the

consultation process, notable dilutions of the directive were in fact introduced – presumably intended to induce the ETUC to negotiate. Article 13 concerning “prior acquired rights” and the allowance of a three-year period in which information and consultation arrangements could be almost freely negotiated, had not been part of the Belgian proposal which had earlier obtained broad support in the Council. This suggests Streeck was right that the attempts to achieve a negotiated solution had implied significant concessions to the employers. Accordingly, UNICE’s Tyszkiewicz later conceded that “the directive will not do any particular harm” (Falkner 1996a: 202).

In the scholarly debate, the enactment of the EWC directive has thus been the subject of highly divergent interpretations. “Euro-pessimistic” scholars have seen the directive as a typical example of the “neo-voluntarist” mode of regulation evolving in EU social policy, implying a regrettable retreat from the aim of harmonising social and working conditions in Europe (Streeck 1997, see also sections 10.4 – 10.5 here). Scholars with more “Euro-optimistic” leanings have, for similar reasons, viewed it as a promising example of innovational regulation based on the subsidiarity principle (Falkner 1996a). By joining legislative and collective bargaining methods at multiple levels, distinctive regimes can more easily be combined, leaving disputed details to be sorted out at the lower levels – in this view enhancing the evolution of a multilevel system of European industrial relations (*ibid.*: 204–5). According to Falkner, the EWC directive thus conformed with the recommendation of Scharpf (1994: 227) that new regulatory methods should uphold the goal of European co-ordination while reducing the difficulties of consensus-building and being more heedful of national and sub-national autonomy.

Although the Maastricht Social Agreement had proved successful in bolstering the legislative capacity of the Community, the failure to reach a negotiated solution fuelled widespread doubts about the viability of the privileged role it had granted the social partners. According to Rhodes (1995: 118), “the breakdown of talks between UNICE and the ETUC suggests that the dialogue route to policy-making will remain blocked.” Both among governments and in the EP a widely held view was that if the social partners could not prove themselves capable of fulfilling their new role, the MSA would be challenged in the upcoming IGC, and any likelihood of it being incorporated in the treaty, as demanded by the ETUC and the Commission, would be ruled out. For the Commission this meant that the next case would have to be carefully chosen and that the design of the legislative initiative would have to leave considerably greater latitude for actors to negotiate.<sup>124</sup>

### **10.2.5 The first European negotiations on parental leave**

#### *Background*

If the ETUC and UNICE had pursued conflicting short-term interests in the case of EWC, the second trial of European negotiations became marked by the actors’ emphasis on joint long-

term institutional interests in defending the legitimacy of the MSA and regaining credibility as European social partners. Acknowledging that the MSA was under threat, sympathetic forces in the Commission looked for opportunities for new negotiations on a less controversial issue.<sup>125</sup>

Despite the EWC failure, the ETUC had during 1994 called for voluntary negotiations with employers on issues like vocational training, atypical work, health and safety at the workplace and free movement of workers (Ohm 1996: 85). UNICE showed no interest in such negotiations, however, leading the ETUC to appeal to the Commission: "If you value the involvement of the social partners and their negotiations, don't be backward in coming forward with proposed legislation. The more you do, the more likelihood there is of us negotiating, given that UNICE seems to believe only in the big stick" (ETUC Report 15/94), thus underscoring the ETUC dependency on the Commission as agenda-setter and process-manager. "We need fuel for the engine", as Emilio Gabaglio put it.<sup>126</sup>

In the autumn of 1994, the German Presidency re-launched a number of blocked directives, but it soon became clear that UK would persist in its immobile stance. The Commission then declared in its 1995 working programme it would activate the MSA and consult the social partners on three issues: 1) atypical work; 2) reconciliation of work and family life; 3) the burden of proof (in cases of unfair dismissal) (Ohm 1996: 86). Owing to its legal complexity, the latter was considered inappropriate for negotiations. The issue of atypical work was associated with a long-standing history of controversy and vigorous employer opposition. Thus, it seemed most feasible to start with the issue of reconciliation of work and family life (parental leave), on which the ETUC had previously asked UNICE for negotiations.

Also this matter had long history. Since the first proposal of a directive in 1983 – basically suggesting the right to three months unpaid leave connected to birth, adoption or 'family reasons' – had been blocked by the British, the issue had featured in the 1989 Social Charter and a number of Council policy statements (Ohm 1996: 79).

### *Consultation and negotiation*

As regards agenda-setting, the Commission had apparently learned from the failure of the EWC case. In the first consultation round, initiated 22 February 1995, the Commission adopted an open and broad approach, mainly requesting the views of the social partners on the relationship between occupational and family life, and the possible direction of Community action in the realm.

Equal opportunities was one of the fields where UNICE had previously admitted the need for Community initiatives to prevent discrimination and unacceptable forms of competition. However, UNICE opposed the idea of binding legislation, which, it argued, could have the unintended consequence of preventing recruitment of women.<sup>127</sup> On the other hand, the UNICE response was milder than usual and seemed slightly ritualistic, as if meant as a step in preparing its bargaining position. UNICE stated that if the Community, despite UNICE's objections, would still regulate, it should be a framework regulation that would take ample account of competitiveness and of the socio-cultural diversity of member-states; that would

not involve issues of social security or remuneration; but would allow exemptions for SME enterprises and options for negotiated derogation at company level (UNICE 26.4.1995). The UNICE reply did not define a position on the question of negotiations, but UNICE representatives on several occasions made it clear that UNICE was prepared for such an alternative.<sup>128</sup>

Not surprisingly, the ETUC welcomed the proposal, emphasising that reconciliation of work and family life was a part of the ETUC's broader agenda for reducing and reorganising working time in order to promote work-sharing (ETUC 19.4.1995). As to specific demands, the ETUC modestly called for a minimum right of three months' leave for parental or family reasons (including care for elder people), which should include both sexes and be an individual right; secure maintenance of acquired social benefits and rights; ensuring the right to return to one's previous job; while the issue of compensation would have to be elaborated at national level in co-operation with the social partners. Since issues of social security and remuneration were excluded from Community competence, this inhibited implementation by a Council decision. The ETUC did not signal any definite stance as to negotiations versus legislation, but mentioned that its Executive Committee had already endorsed the principle of negotiations on the issue.

Before the second consultation round, the launch of the Commission Social Action Programme 1995–97 accentuated the uncertainties surrounding the future of the MSA and EU social policy. In its report on the functioning of the Union, intended to serve as input for the upcoming IGC, the Council had noted that the dialogue of the social partners had not yet succeeded in establishing a collective agreement (Falkner 1996d: 8). Accordingly, president Jacques Santer of the Commission, in a speech to the ETUC Congress early May 1995, emphasised that the social partners now "must show that the European constitutional legislator was right to trust them and give them considerable co-regulatory power".<sup>129</sup>

In contrast to the EWC case, the Commission document which initiated the second round of consultation (21 June 1995) consisted mainly of general comments about the need for framework Community regulation, focusing on leave arrangements including educational leave and sabbaticals. However, it was stated that any framework regulation should establish that parental leave was a right linked to employment; the minimum length should be examined, but be at least three months; a degree of flexibility was desirable; and maintenance of employees' social protection arrangements should be secured (*ibid.*: 6).

CEEP, the ETUC and UNICE almost immediately replied that they wished to initiate negotiations and that legislation should be suspended (5 July 1995). The question of whether the British organisations should be part of the negotiating delegations had been resolved beforehand, implying that CBI would only be allowed to take part as observers. Contrary to the EWC case, the ETUC, in response to UNICE demands, had set no preconditions for negotiating. Negotiations started on 12 July and were finalised on 6 November, well in time before the opening of the IGC in December 1995.



### *Outcome and implementation*

The content of the framework agreement was modest, basically securing a minimum right to three months' unpaid leave to care for children up to 8 years (precise age to be defined at national level). As a minimum standard this was below the prevailing standards in all but one Community member state (Greece), but it meant a substantial improvement in Ireland and Luxembourg, where no such formal rights existed (and in the UK after the new British government in 1997 decided to join the MSA). Also in Belgium, where parental leave was contingent on employer consent, and in Germany, where the right to parental leave was traditionally dependent on the partner's occupational status, it implied a certain progress (Falkner 1996d: 5). The principle of the right to unpaid leave for urgent family reasons also meant an improvement in several countries (Lapeyre 1996: 125). A significant aspect of the agreement, representing a potential innovation in most member-states, was the provision that parental leave was an individual, in principle, non-transferable right for women and for men.<sup>130</sup> Noteworthy was also that the agreement, in contrast to most national arrangements, contained no exemptions or thresholds, for example for SMEs (as demanded by UNICE) or specific sectors (as in the previous draft directive). The agreement confirmed the right to return to the job the employee had left, or, if not possible, to be offered a post equivalent or similar to it in compliance with the work contract. Social security provisions (such as sickness, unemployment benefits, pension dues etc.) should be continued, even though these were matters which eventually would have to be settled at national level. The ETUC sought to get a provision on the continued payment of wages written into the agreement, but this was rejected by UNICE and CEEP, who argued that it would inhibit enactment via the Council, because the EU had no competence in such issues. However, a non-regression clause was included, safeguarding against downgrading of existing national provisions. Altogether, according to the ETUC, the outcome was more generous to employees than the previously proposed directives<sup>131</sup> while the flexibility of the agreement meant that it met UNICE demands as well.

Since this was a framework agreement that set only a few minimum requirements, considerable leeway was left to the member-states and the social partners for establishing the conditions for access and the modalities of applying the right to parental leave (Falkner 1996d: 2). In order to take account of the situation in a given country, the member-states and/or social partners may, for example, define the circumstances in which an employer is allowed to postpone the granting of parental leave "for justifiable reasons related to the operation of the undertaking" (*ibid.*: 3). The parental leave agreement thus conformed with the pattern of regulation ingrained in the EWC directive, mainly defining central objectives and a few basic requirements, whereas lower-level actors were granted ample room for flexible implementation, in line with the subsidiarity principle.

When the outcome was ratified on 14 December 1995, "the parents" of the agreement were evidently delighted. The ETUC's Gabaglio, declared that, apart from being a substantial contribution to Community social policy: "This first successful result proves the validity of the Social Protocol and its important basis for the ETUC's demands to have it incorporated in the

treaty at the 1996 IGC" (ETUC Report 22/95). These sentiments were echoed by the UNICE president Perigout: "The agreement demonstrates the ability of the European social partners to meet their responsibilities and fulfil their roles as set out in the Maastricht Social Protocol" (UNICE Press 14.12.1995).<sup>132</sup> Similarly, the Commission's J. Santer and P. Flynn welcomed the "historical agreement by social partners. (...) This shows that the social dialogue at European level is able to address issues of real relevance to people's everyday lives. (...) It is a striking example of the new Maastricht procedures at work" (*Agence Europe* 14.12.96). Clearly, after a lengthy gestation period, the triad of the Commission and the social partners were ready to make the most of what they had accomplished.

A surprising development occurred when it became clear that the Commission would not forward the agreement to the Council as a *decision* (as suggested by the partners), but as a *directive*, due to its form of a framework minimum-right regulation (*Agence Europe* 1.2.1996). This provoked some opposition from the parties, who feared that new consultations would be required with the EP and outside associations.<sup>133</sup> In practice this did not cause any problems, however. The European Parliament welcomed the agreement, remarking that it "effectively constitutes new constitutional ground" and represents "a fundamental breakthrough in this important aspect of equal opportunities policy".<sup>134</sup> Furthermore, the form of a directive might in several respects imply a more clear-cut procedure of national transposition and jurisdiction by the European Court of Justice, while allowing greater flexibility as to the choice between legislative and bargained national implementation. In its proposal for a directive to which the agreement was appended, the Commission judged the signatory parties representative, while stipulating that it would withdraw its proposal if the Council made any amendments (Com(96)448). The directive was subsequently adopted by the Council in spring 1996 – however, not without certain misgivings about how representative the signatory parties actually were.<sup>135</sup>

#### *Organisational lessons and analytical interpretations*

In this case it seems rather obvious why the negotiating track was successful. Both sides had a considerable mutual interest in achieving some kind of result to bolster their credibility and guarantee the legitimacy of the MSA, in the face of the forthcoming IGC.<sup>136</sup> As with the agreement of 31 October 1991, the threat of (intergovernmental) treaty changes forced the parties to take action on the supranational level, on this occasion in order to defend acquired institutionalised rights. Hence, even though most observers and participants tend to perceive the first European agreement as an act of primarily symbolic significance, it had important constitutional implications as well.

According to participants in the negotiations, one should, however, not underestimate the significance of the negotiations as a training exercise, providing experience on how to organise the negotiating machinery, internal decision-making and national procedures of ratification.<sup>137</sup> Compared to the EWC pre-negotiations the parties this time were better prepared with more specified demands and mandates. The introduction of a professional Chair, the

Belgian labour lawyer J. Walgrave, president of the Belgian National Labour Council, also contributed to a more well-ordered proceeding of the process.

According to several employer sources, national level actors for the first time had been involved in a real discussion of European issues and mandates, which in itself represented a useful learning process. The costs of the EWC case, in terms of negative public exposure, had forced the leaderships of UNICE affiliates into a more serious examination of the social dialogue.<sup>138</sup> As argued by one employer source; marked by ideological reservations and used to more adversarial industrial relations at home, many employer representatives experienced the pragmatic dialogue on parental leave as a kind of communication which was more relaxed and provided a higher degree of mutual confidence than before. According to this rather enthusiastic employer interpretation, the outcome therefore implied more than a symbolic gesture:

"The precedence of an agreement provides a kind of ownership or fatherhood to European regulations, a feeling of responsibility, control and legitimacy, which may imply a greater willingness to search for European solutions in the future, also because it provides the participants credibility as European actors in other areas as well." <sup>139</sup>

What such pleasant experiences would mean once it came to more substantial conflict of interest remained, however, open to question. Also ETUC actors saw the institutional implications of the agreement as being most significant. As stated by the ETUC's E. Gabaglio:

"Yes, perhaps it was symbolic, but in a sense it represented a unique innovation in the history of labour relations. Where in the world have you ever had a supranational collective agreement made into law covering 16 countries? We reversed the tide of decentralisation by putting employers into contradiction. Hereby it opened way for future negotiations, representing a starting point for a European system of industrial relations. UNICE now can't credibly return to their line of Nay-saying. It represented a learning process. For instance, after having been personally involved in the negotiations, one of the German employer representatives who had always been strongly against European agreements now has become very positive, regarding this as a natural way of proceeding. Employers gain prestige both externally and internally and cannot simply pull back again. Moreover, we proved that the social partners can do better than the Council: in four months we produced a more effective and accurate regulation than the Community legislative bodies had managed in ten years." <sup>140</sup>

On the ETUC side, organisational improvements had been made since the somewhat chaotic EWC experience. Statutory changes at the 1995 Congress had in principle defined clearer procedures of mandating and decision-making (see chapter 12). Still, criticism was voiced in the ETUC Executive Committee on 29 June 1995 by several affiliates (amongst others the Nordic and Belgian representatives) that no proper documents had been presented before the decision to initiate negotiations, making consultation with national affiliates difficult.<sup>141</sup> The Executive Committee nevertheless did agree upon the set up of a negotiating body which should be monitored by the Committee of collective bargaining, where all national members could take part. The bargaining mandate should be clarified before real negotiations were about to start. During the negotiations, on-going feedback was provided to national affiliates,

and in contrast to the 31 October agreement, the proposed text was sent to national affiliates for assessment before the Executive Committee decided to sign it on 14 December 1995. Even to the Nordic and German associations, which formerly had been sceptical to European negotiations, the parental leave negotiations were conducted in a satisfactory way and seen as a great step forward.<sup>142</sup>

However, the parental leave agreement reinforced the opposition from several associations outside UNICE and the ETUC – most pronounced in the case of EUROCOMMERCE and UEAPME. They challenged the representativity of UNICE, questioned the legitimacy of the deal and demanded that they be involved in future negotiations. Subsequently EUROCOMMERCE itself prepared to sign an identical agreement with EURO-FIET, an ETUC industry federation in the service sector. This, however, was eventually superseded by the enactment of the agreement by the Council.

In the ETUC this caused a heated debate, drawing attention to one of the most contentious issues of the 1992 Luxembourg Conference: the relations between confederal and sectoral actors in European negotiations.<sup>143</sup> Already with the first example of European negotiations, the underlying unresolved issue of power-relations and co-ordination between different levels of European trade unions surfaced. (This question is dealt with in more detail in chapter 11.) Similarly, there seemed to be confirmation of what UNICE had suspected in 1991 – that competing employer associations might be inclined to enter intimate relations with trade unions at sectoral level (Strøby Jensen 1995), possibly eroding the UNICE monopoly as European employer representative.

These tensions between actors at the sectoral and confederal level, might, on the one hand, reinforce the shared interests of UNICE, CEEP and the ETUC in guaranteeing their role as social partners, providing impetus to vertical integration of European organised actors. On the other hand, the interest shown by outside organisations in achieving an independent role in social dialogue might trigger a process of mutual recognition and integration at sectoral level. It remains to be seen to what degree such dynamics will prompt fragmentation or a reconfiguration of social dialogue within broader frameworks. (For further discussion, see sections 10.2.8 and 13.4.)

In conclusion, even though the parental leave agreement set a precedent with potentially important institutional and political implications, there were several reasons for remaining sceptical of its impact on future developments of European negotiations: (1) Parental leave represented an issue where little prestige was involved and which had not been an central concern in management–labour relations. Usually it is regulated by social law, with the costs of implementation falling to a large extent on third parties (public or occupational social security institutions). The outcome was fairly modest and flexible, and would have limited consequences for most national associations. (2) The obvious common strategic interest of the parties in preserving their privileged role as co-regulators of Community social policy further suggested that the case was exceptional. This was most pronounced with UNICE, whose co-operative approach reflected its urgent need to repair its credibility. Moreover, faced with

the upcoming IGC, decisive external agencies (the Commission and the majority of Governments) shared the interest in achieving a precedence which could save the MSA and contributed to facilitate an agreement in all possible ways. Thus, (3), it was difficult to overlook that the whole process was so well orchestrated in advance that it somehow appeared as a ritualistic act of "window-dressing", leaving doubts about how the parties would act if it came to real business. Hence, the real test of the MSA option of negotiated legislation was expected to come at the *next* crossroads.

### 10.2.6 Negotiations on flexibility and part-time work

#### *Background*

An indication that the "success" of the parental leave agreement had strengthened the confidence of the social partners came when they, to the surprise of many, decided to open negotiations on issues related to flexibility of working time and atypical work, in autumn 1996. These topics have been a central issue of contemporary industrial relations.

Since the early 1980s, flexibility and the growth of atypical forms of work, such as part-time, temporary contracts, seasonal work and home-work, have caused contention and struggle between management and labour in most European countries. For employers, flexibility has become a catchword associated with principle demands for deregulation and critique of overly rigid collective agreements, claimed to erode competitiveness and inhibit job generation. This has caused profound controversy within the trade union movement, reflecting different views on working time, employment policies and how far trade unions should go in accepting more flexible types of work organisation, perceived as a threat to the standardised employment relationship. The fact that such atypical forms of work have predominantly involved women has made the issue even more tricky, reflecting the difficulty which trade unions have experienced in recruiting and protecting new categories of workers. During the 1980s many continental trade unions adopted a more positive stance towards work flexibility, associated with the development of employment policies aimed at job-sharing through reduction and reorganisation of working time. On the other hand, Scandinavian trade unions in particular have remained sceptical towards what they perceive as a "defensive approach" to combat unemployment. The contentiousness of the issue was underscored at the ETUC 1995 Congress, where proposals to adopt a more positive view on part-time work met with opposition, especially from Nordic affiliates (see section 12.3).

From the late 1980s the EC had launched several initiatives to regulate atypical work, following from the Social Charter and the Social Action Programme (1989). In 1990 the Commission submitted three proposals for directives on atypical work; one of these proposals – concerning health and safety of workers with fixed term contracts – was adopted by qualified majority in June 1991. The two other proposals, on equal treatment with regard to social protection and on employment rights, were subsequently amended and merged into a single proposal which excluded social security (outside Community competence), but this

was consistently blocked in the Council. Later, the White Paper on Growth, Competitiveness and Employment (1993), the White Paper on Social Policy (1994) and the follow-up of the Essen Summit on employment policy, called for promotion of new and more flexible forms of work to enhance employment, while stressing that appropriate social protection and employment rights must be guaranteed.

After the directive on atypical work had been blocked again in September 1994, the Commission took up the issue anew under the MSA on 26 September 1995, initiating the consultation procedure with the social partners. The Commissions' consultation document stressed the job-creating potentials of part-time work and the necessity "to reconcile requirements for flexibility within companies with the need to guarantee suitable working conditions for these categories of workers" (*Agence Europe* 26.9.1995). Thus, a European regulation was suggested, aimed at (1) granting the same treatment to part-time and full-time workers on the labour market with respect to working conditions and standard of living, among other points; (2) putting an end to one of the main causes for indirect discrimination towards women on the labour market; and (3) providing for fair competition between member-states, by eliminating the risk of distortions of competition which could be engendered by differing labour costs resulting from lack of equal treatment.<sup>144</sup>

#### *Views of the social partners*

While consenting to the principle of equal treatment of all categories of employees, UNICE, as usual, opposed the idea of a Community regulation. UNICE referred to the subsidiarity principle (i.e. that the issue is already broadly regulated by national legislation and/or collective agreements) and the need for decentralised and flexible solutions, best achieved through collective bargaining at the appropriate level.<sup>145</sup> In particular UNICE announced it would

"reject the Commission's argument about distortion of competition. Wage costs are a normal factor of competition. Differences reflecting the economic realities peculiar to each labour market or productivity must be allowed to remain in place."

Furthermore, UNICE urged a distinction between part-time work and fixed-term work contracts and temporary employees, on the grounds that these reflected very different phenomena and thus made any general rules of equal treatment inadequate. Noting also that the principle of non-discrimination was already regulated by several directives on equal opportunities and case-law, UNICE concluded that the issue fell within the sphere of legislation and collective agreements in the member-states, making European legislation unnecessary.

The ETUC, as usual, welcomed the Commission position and called for binding regulation of the issue, in the form of either a framework directive or a framework agreement. The strategic considerations of the ETUC were spelled out in a document to the Executive Committee on 27 February 1996, which emphasised that a key problem in atypical work was equal treatment with regard to social protection (which lay outside the scope of Community competence).<sup>146</sup> The document consequently suggested the only possible way would be to call for a

recommendation from the Commission and the Council on social security, whereas “negotiations could only address issues related to employment rights”. Thus, “whilst negotiations seem difficult and risky as an option, the choice of a legal instrument raises other problems” – which, in view of the Councils’ previous work on atypical work, was considered “likely to be very minimalist”. In conclusion the document indicated that the most satisfactory procedure might be to call for a framework directive, covering all the main factors involved in atypical work, which – along the lines of the EWC directive – would give the European and national social partners responsibility for negotiating the specific working conditions and terms: that is, to promote bargained relations by means of EU law.

### *Towards negotiations*

In the second consultation document, the Commission noted that all social partners had broadly supported the principle of non-discrimination and the Commission argued for striking a balance between the promotion of new flexitime provisions and binding rules at EU level to guarantee respect for the principle of equality of earnings for all forms of work (*Agence Europe* 17.4.1996). Soon after, the “traditional” social partners officially confirmed their willingness to open negotiations (*Agence Europe* 21.6.96/3.7.96).

Some ETUC affiliates criticised that the ETUC Secretariat had publicly announced support for negotiations before any binding consultations with affiliates had been conducted (LO/SACO/TCO 1996/11), while the Secretariat argued that a previous Executive Committee meeting had in fact consented to initiate negotiations. This disagreement reflected the ongoing struggle in the ETUC over establishment of a “bargaining order”, which, according to the amendments of the statutes at the 1995 Congress, was to be operationalised into internal procedural guidelines (see chapter 11). Considerable tension had evolved between the European industry federations (EIFs) and confederal forces of the ETUC in the aftermath of the parental leave agreement. The issue of atypical work was in this respect controversial, since it particularly affected EIFs in female-dominated service sectors, which were highly sensitive about not being properly involved in the decision-making process. In consequence, it was agreed that no final decision about negotiations should be adopted before a proper process of consultation with affiliates had been conducted.

For the ETUC the atypical work case seemed likely to become a crucial test in a double sense: (1) because it, for the first time, could mean negotiating with employers on a very controversial issue; (2) because it implied a test of the ETUC’s capacity to accommodate potentially conflicting interests between different confederations and industry federations, as well as touchy demarcations of competences and power between the respective tiers of ETUC membership. On the basis of a document from the ETUC Secretariat (10.7.1996), outlining a strategy for eventual negotiations, a three-months consultation process was initiated. Written replies were received from most affiliates and, despite widespread uncertainty about what could be achieved, all but one affiliate recommended trying the negotiating track, along the lines suggested by the Secretariat. Although most affiliates had modest expectations as to

what could be achieved and emphasised the need for a very cautious bargaining strategy<sup>147</sup> an unanimous decision to start negotiations was taken by the Executive Committee meeting on 9–10 October 1996.

The agreed ETUC strategy would concentrate the initial negotiations on part-time work, while stressing the importance of further regulation of fixed-term, interim, seasonal and home-work as well as tele-work.<sup>148</sup> Given the difficulties of including social security provisions, a “two-pronged” approach was sketched: (1) aiming at a joint recommendation with UNICE and CEEP “calling on the Commission and Member-states to guarantee the principle of equal treatment with regard to social security” ; while (2) “equal treatment of employment rights could be provided for in a framework agreement made binding by a Council decision” . Such an agreement should cover equal treatment with regard to all important aspects of the employment relationship, including “salaries and the different components thereof” .<sup>149</sup> The question of thresholds (which categories of employees should be covered, for example with respect to minimum working time) would undoubtedly be extremely difficult to negotiate, according to the document.

Worth noting was also the decision to increase the number of EIF representatives in the negotiating delegation from four to eight, suggesting a greater integration of the sectoral pillar of the ETUC into peak-level social dialogue.

The approach chosen by the ETUC in this case was interesting, and suggested that the social actors were beginning to learn how to play the game of “negotiated legislation” under the prevailing, constrained circumstances. Inspired by the EWC case, the ETUC clearly tried to link together negotiations and legislation in a complementary way and circumvent treaty deficiencies by using negotiations as a means to commit the EU legislator (and vice versa) to a kind of co-regulation.<sup>150</sup> This indeed accentuated the fundamental dependency of Euro-negotiations on Community legislation, but it also represented a deliberate attempt to exploit this interdependency so as to mobilise political–legislative support to improve the balance of power in negotiations in favour of the trade unions. The ETUC attempt to use equal treatment as a lever for indirectly regulating pay-issues – hereby trying to transcend existing deficits of the treaty – can also stand as an interesting example of how incremental use of treaty inconsistencies might enable extension of the supranational social policy legacy.

The unanimous support from the ETUC membership to negotiate a touchy issue like atypical work expressed quite substantial changes in affiliates’ confidence in European negotiations. Compared to the profound scepticism expressed in the 1992–93 strategy debate, especially striking was the consent from the Nordic and German actors. Even though expectations of what could be achieved were modest, the consensus on making an attempt reflected a new trust in ETUC procedures and decision-making. The institutional changes pursued within the ETUC, guaranteeing the predominance of constituent units, seemed to provide a feeling of control, influence and protection against unwanted or unacceptable outcomes, in effect enhancing the ETUC capacity and will to act more on the offensive at the European level.



### *The outcome*

When negotiations started, there seemed to be scant likelihood of a negotiated solution. Both parties had high stakes concerning central issues of national collective bargaining, and neither side seemed prepared to give concessions. By mid-May, after several meetings, negotiations had become deadlocked and most participants judged the effort had failed. Then, suddenly, during the final stage, things started to happen. Within the space of only one week, agreement was reached on a draft text (15 June 1997), which was ratified by the signatory parties on 6 June and forwarded to the Commission for implementation via a Council decision. And finally, the agreement was embraced by the Amsterdam IGC Summit, held on 16–17 June 1997.

Like the EWC directive and the parental-leave agreement, the settlement on atypical work was designed as a flexible framework agreement, which referred “back to the Member-states and Social Partners for the modalities of application of these general principles, minimum requirements and provisions, in order to take account of the situation in each Member State”. According to the Preamble, “it is the intention of the parties to consider the need for similar agreements relating to other forms of flexible employment.” Expressing a positive view on part-time work as a means to combat unemployment, the purpose was: “(a) to provide for the removal of discrimination against part-time workers and to improve the quality of part-time work, (b) to facilitate the development of part-time work on a voluntary basis and to contribute to the flexible organisation of working time in a manner which takes account of the needs of employers and workers.” The principle of non-discrimination of part-time workers applied to the whole area of “employment conditions”, while the Council was requested to ensure development of “social protection systems more capable of adapting to new patterns of work and of providing appropriate protection to people engaged in such work”. As this is a minimum agreement, more favourable provisions can be maintained or introduced, and a “non-regression” clause was included, according to which “this agreement shall not constitute valid grounds for reducing the general level of protection afforded to workers”. The agreement allowed member-states, after consultation with the social partners, to exclude “for objective reasons” employees working on a “casual basis” from the provisions (the conditions for which should be reviewed periodically) and, “where appropriate”, make access to particular conditions of employment subject to a period of service, time worked or earnings qualification, if “justified by objective reasons”. Further, “as far as possible”, employers should give consideration to “requests by workers for transfer from part-time to full time work (and vice versa)”, and that “a worker’s refusal to transfer from full-time to part-time (or vice versa) should not in itself constitute a valid reason for termination of employment.”

The main issue of controversy, and the one that had caused the deadlock, concerned an employer demand that obstacles to part-time work currently found in national legislation and collective agreements should be abolished. This was unacceptable for the Nordic trade unions in particular, since it would intrude on the bargaining sovereignty of their affiliates.<sup>151</sup> During the final week, informal work of a small drafting group resolved the issue in a way

acceptable also for the Nordic trade unions: “the Social Partners, acting in their sphere of competence and through the procedures set out in collective agreements, should identify and review obstacles which may limit the opportunities for part-time work and, where appropriate, eliminate them”.<sup>152</sup> On this point it was reported that contacts between employers and unions on the Nordic side contributed to soften the UNICE position.

The agreement is to be reviewed after five years, if requested by one of the signatory parties. In its presentation note to the affiliates, the ETUC argued that the minimum reference adopted by the negotiating delegation had been the ILO Convention No. 175 – which none of the member-states had so far ratified and which the Employers Group of ILO had voted against (ETUC 22.5.1997).

### *Assessment of implications*

The agreement on part-time work can be assessed from different angles. First, it implied a significant move of European trade unions towards supporting part-time work. This can be viewed as a further step towards flexibilisation of employment relations and erosion of the normative force of the standard full-time work contract in Europe. In this sense, it can be seen as a double-edged sword.

In practice, however, growing part-time work has long been reality in all European countries, and has now become a preferred solution for sizeable groups of employees, especially among women. This phenomenon has been most pronounced in the Netherlands and in the Nordic countries, in the latter contributing to the current very high levels of female workforce participation. Since part-time work had become a phenomenon which trade unions could no longer credibly ignore, the settlement may become a useful instrument in several ways. First, if national governments and social partners follow up, it may contribute to providing part-time workers with more decent working conditions and rights on a par with those enjoyed by full-time employees – in itself a noteworthy welfare improvement. Second, this may make it more difficult to exploit part-time work as a source of cheap, unprotected and mostly unorganised labour, that is, a source of internal social dumping which for long has undermined the position of full-time workers as well. If so, this might help counteract the segmentation of labour markets into a shrinking core of full-time workers and a growing periphery of marginal workers with precarious conditions, possibly opening a new arena for trade union organising, recruitment and bargaining. Third, combined with the parental leave agreement, this may signal that European trade unions will start taking more seriously the challenge of a feminised work-force and new occupational groups.

In this perspective even the sceptical Nordic trade unions assessed the agreement on part-time work as being a positive step.<sup>153</sup> Even though a certain concession was implicit in embracing of part-time works and more flexible work-hours, the fact that the agreement incorporated non-discriminatory clauses and the preferential right to change to full-time work was seen as a potentially useful impetus to national collective bargaining. The agreement was, further, viewed as a lever for demanding the abolition of threshold provisions in

national regulations of employment and occupational pension schemes in particular. Given the disparate treatment of part-time workers in different countries, the Nordic unions also regarded it as a step towards equalisation of minimum working conditions across European borders, potentially reducing the scope for social dumping.

It is in the UK that the agreement is likely to have the most far-reaching implications, both because of the current absence of labour law protection for most part-timer workers, and because it will force the TUC and CBI to start discussing arrangements for implementing European regulations through national collective bargaining. As centralised bargaining ceased to exist in the UK during the 1980s, this might imply a potential for innovation of British industrial relations. The TUC thus strongly supported ratification of the agreement and expected the new Labour government under Tony Blair to introduce legislation conducive to trade union demands.<sup>154</sup>

Another potential of the agreement is that it allows for ancillary negotiations at the European sectoral and company levels. In view of the greatly varying conditions in different sectors, negotiations on sectoral application of the agreement might well evolve. For example, EURO-FIET has indicated that it will look into the possibilities for complementary bargaining in the cleaning sector and with EUROCOMMERCE.<sup>155</sup> In the view of EURO-FIET, the part-time agreement stands as a modest but acceptable compromise because it contains some principles that might strengthen the role of trade unions in the field. The rights of part-time workers might also become an issue for discussion in the context of the European Works Councils in transnational companies.

The obvious down-side of the agreement is the great latitude it allows for flexible national implementation and negotiated derogations at lower levels. For this reason the German DGB opposed ratification. In the view of DGB, the only binding content of the agreement, the "abstract principle of non-discrimination", has in practice already been established on the basis of article 119 of the Single European Act on equal opportunities and subsequent case-law by the ECJ. According to the DGB, the flexibility and allowance for derogations enshrined in the agreement might even be used to legitimise prevailing and increasing inequality.<sup>156</sup> A further point in the DGB criticism of the new agreement is that no progress was achieved toward ensuring equal treatment with respect to social security. Altogether, the DGB has argued that the previous draft directives were more stringent and that the UNICE had in this case succeeded in the strategy of diluting regulations through negotiations.

With respect to the DGB scepticism of the "opening clauses" allowed in the agreement and the fear that it could undermine earlier equal-treatment provisions, we should recall that the agreement specifically states that it "shall be without prejudice to any more specific Community provisions, and in particular Community provisions concerning equal treatment or opportunities for women and men". A motive of the DGB was also to signal that the part-time agreement meant conceding too much to the employers, and that the ETUC should make clear that it would not prefer negotiations at *any* price in the future. In order not to allow the "negotiation option" to be devalued, a tougher line was called for. The DGB was

also displeased with the way ETUC interest-intermediation and the negotiations had been pursued, and disagreed with the ETUC Secretariat, which held that an additional agreement was needed to safeguard the “bargaining option” at the forthcoming IGC Summit.

The German criticism drew attention to another feature of European agreements. As in the case of parental leave, the *original* Commission draft directive had comprised a package of measures, including also other forms of flexible work (Keller and Sörries 1997). This accentuates the question of what will happen to the other parts of the Commission's proposal. Does the fact that the social partners agree on the least controversial elements of a directive imply that the more conflictual aspects get forgotten, or will the Commission come back with new initiatives on the remaining issues? If it does not, it will lend support to the interpretation that European negotiations grant employers overly strong influence on Community social policy regulation.

In view of the strong German opposition, qualified majority voting was necessary to secure ratification of the agreement by the ETUC Executive Committee on 5 June 1997. This in itself bears witness to the significant changes of the ETUC in recent years. As mentioned, the DGB has earlier been seen as having tacit veto power in the ETUC, but on this occasion the decision to ratify *against* the German will was perceived as natural procedure. The DGB was joined by a few organisations – the German DAG, the Christian Luxembourg confederation, the French FO, the ETUC Women's Committee, and the EIF of the building sector – altogether mustering 11 votes against a majority of 58. The most prominent advocate of ratification was the British TUC, firmly supported by, among others, the French CFDT, and the Nordic and Italian associations. On the whole, however, most organisations agreed that the outcome was modest, and many affiliates shared the critical views of the DGB despite favouring ratification.

In the debate, an illustrative event occurred when ETUC general secretary E. Gabaglio responded to affiliate criticism that not more had been achieved. Striking back, Gabaglio forcefully criticised the national affiliates for not doing their job in influencing national employers. They lean back and leave the responsibility for negotiating and influencing employers to the Secretariat, while the actual opportunities for moving the employer positions lie at the national level, he argued. This view was self-critically received by the affiliates, and confirmed one of my central points: that Europeanisation of unions relies on a close interplay between national and European action. Correspondingly, my DGB sources indicated that, in the future, German unions would have to involve themselves much more actively in coalition-building and promoting their views at an early stage of ETUC policy-formation. If so, the agreement on part-time work may have been an important learning experience, suggesting greater national participation and engagement in possible future negotiations.

It is in fact not difficult to envisage that “Euro-pessimistic” observers will denounce the part-time agreement as yet another confirmation of the inability of European actors to ensure even minimal universal rights for the most vulnerable worker-segments in Europe. Since

implementation is left to national politicians and "voluntarist" negotiations between national social partners – in a situation of high unemployment and superior employer bargaining power – many trade unions are likely to have great difficulties in transforming the principle of non-discrimination into reality. Experience with equal opportunity legislation, at European and national level, amply demonstrates that legal minimum provisions are usually insufficient to prevent discrimination when there are strong structural forces acting in the opposite direction. Further, when equal treatment is made a subject for negotiation – not an inherent right – conflicts of interests between core and periphery workers can be accentuated. The growth of part-time and other vulnerable work has indeed been promoted not only by employers: also the core work-force have often had an interest in allowing the exploitation of cheap flexible labour, in order to protect their own jobs and privileges.

Thus, it would be naive to regard the agreement on part-time work as any watershed in the struggle for equal employment conditions in Europe. Nonetheless, by recognising legally enforceable rights and improving the formal protection of part-time workers in many European countries, it provides an instrument which trade unions can use, if they are willing and capable. Although the results in the end will hinge on the bargaining strength of trade unions at the national level, likely to lead to a variety of outcomes, it may mean a strengthening of trade union ability to counteract the further fragmentation of European labour markets. By obliging trade unions to engage in the fight against precarious part-time work, the agreement may also induce efforts to strengthen trade union organisation. In this sense, the subsidiarity approach of the agreement may represent a greater spur for trade union activity than the alternative of harmonised European legislation, which would have meant that trade unions could have left the issue of enforcement to ill-equipped public authorities, labour inspectorates, lawyers and others.

This brings us to the more general issue of subsidiarity and the "voluntarist" regulatory approach in EU social policy. Unlike the situation in, for example, Germany, where most employment regulation is anchored in legislation, many trade unions, especially in the UK and the Nordic countries, are sceptical of a far-reaching juridification of employment regulation, fearing that it would narrow the scope for collective bargaining and thus erode the basis for trade unions. They are concerned that an undue juridification, as is the case in the USA, might stimulate a development where expensive litigation and court trials, affordable mostly by the well-off, gradually substitute for collective trade-union interest representation. Further, the development of European industrial relations cannot ignore the social fact that national trade unions themselves, bound to constitute the basic entities of such a system, tend to prefer solutions which grant them a central role in putting European rights into practice and allow scope for local adjustments in accordance with specific national conditions.

If developing a European level of industrial relations is not to lead to a far-reaching centralisation, possibly alienating the constituent entities, it must be backed up by involvement, participation and consent of lower-level actors. The current situation evidently falls very short of that; however, the development of multilevel articulated bargaining, perhaps linking

European and national activities closer together, may represent a step in the right direction.

In this respect it seems that the “voluntarist” approach, under the current political circumstances of European integration, contains strengths underestimated in the “Euro-pessimistic” critique. In addition to the democratic aspects, the “voluntarist” approach implies recognition of the strong interest among the real social actors to preserve latitude for national institutions and resist top-down harmonisation. We should recall that the failure of the alternative harmonising approach in the 1970s and 1980s was not simply a result of political bad-will, but also a reflection of the problems of finding regulatory means that were applicable and that could ensure equal results in the highly diverse national systems (Teague 1989a). In this perspective, the “voluntarist” approach in important respects corresponds with Teague’s concept of a European social regime (ibid.: 82–86). It also exhibits similarities with the Nordic tradition of developing centralised framework regulations by means of collective bargaining, whilst securing leeway for basic entities to supplement and adjust these frameworks through local activity. So far, this dual approach, based on close interplay between “voluntarist” bargaining and framework legislation, has seemed more robust in resisting deregulation and erosion of national industrial relations than most systems with either a greater reliance on statutory regulation (which governments can change) or a one-sided reliance on agreements (from which employers can withdraw). Thus, the “Euro-pessimistic” dismissal of the evolving “voluntarist” regime of articulated, multi-tiered European negotiations based on minimum framework regulations, as no more than an appendix to market-driven deregulation, overlooks the fact that trade unionism and industrial relations in most countries have deeply-rooted “voluntaristic” features and links between legal and negotiated regulation. It is indeed right that the single market regime significantly has reduced the clout of national unions, thereby making the “voluntarist” development of European employment regulation more difficult. However, as long as the concept of a federal European welfare state seems politically moribund, if not dead, it is hard to conceive that trade unions have any other option than making the most of the “voluntarist” path, without for that reason accepting overly weak European minimum standards. To the extent that the “voluntarist” approach encourages stronger bottom-up involvement in European trade union co-operation, it might, in the longer term, possibly also facilitate a greater integration, or, if desirable, harmonisation of European labour policies.

#### *Why did they do it?*

The modest compromise on part-time work conformed with the logic that made possible the 31 October agreement, notably that UNICE preferred a negotiated solution which would ensure greater control and better account of the employers’ demand for flexibility than the legislator might have provided. To this end, UNICE was willing to go further than initially foreseen in accepting the principle of non-discrimination, granting the ETUC the opportunity to declare it had achieved something of real value.<sup>157</sup> Of common interest to both sides was the aim of guaranteeing predictability, suggesting that neither really trust the legislator’s ability to get things right when a directive has to pass through the European Parliament (EP) and the

needle's eye of the Council.

Still, the decisive background factor was again, as in the parental leave case, the ongoing IGC and the shared interest of protecting the social partners' co-regulatory role in EU social policy and their monopoly status as recognised representatives of West European labour and capital.<sup>158</sup> Both in IGC negotiations and from the EP and the Commission, there were increasingly vociferous complaints about the questionable democratic representativeness of the social partners and their limited capacity to produce tangible results. Alongside political pressure, the unrest flowing from the parental leave agreement had strengthened demands from contending organisations, especially on the employer side, increasing the pressure on UNICE.

The victory of Tony Blair's new Labour government in the UK election might also have strengthened UNICE's interest in defending its bargaining role. Since Maastricht, the British "opt-out" had by all actors – not least "Euro-pessimistic" scholars – been seen as a key factor in halting member-state governments' support of EU social legislation, due to the competitive advantages it would grant UK employers. Now, with a UK government that declared it would end the "opt-out" and support incorporation of the MSA in the treaty, important obstacles to EU social policy legislation could be expected to diminish – a situation reminiscent of the unpredictable pre-Maastricht situation in EU social policy. The British votes could significantly reduce the likelihood of achieving a blocking minority in the Council under qualified majority voting, and the Commission could be tempted to upgrade its legislative activity. From a UNICE perspective, such considerations may have made it increasingly important to preserve the "negotiation option" and its representative monopoly. The prospect that eventual regulations would apply also to British employers might also have reduced opposition to a negotiated solution within UNICE.

So again, as indicated by Gerda Falkner, what appeared as a tendency towards increased "supranationalisation" of interest groups was influenced by "spillover" from an anticipated "supranationalisation" of politics (Falkner 1996d: 16). However, it could hardly have been foreseen that a compromise would be struck on part-time work, were it not for the processes of institutional learning and integration which had evolved through earlier trial-and-error experiences. Especially for the trade unions, the existence of tested procedures for mandating, for the composition of the bargaining delegation and for ratification gave the participants greater confidence. This was perhaps most important in relation to the domestic constituencies. Through the EWC case and the parental leave agreement, national affiliates had become more familiar with the implications of European framework regulations, weakening the instinctive reflex of "institutional nationalism". A plausible interpretation, furthermore, is simply that the involved actors had begun to enjoy their role as European co-legislators and that none of the sides wanted the blame for failure, suggesting the negotiating institution had attained a certain dynamic of its own.

Another interesting implication of the negotiations was that forces within the Swedish LO had started preparing a debate in the ETUC on development of a "bargaining order" with

employers at European level. Even though the internal ETUC procedures were now working better than before, the Swedish actors considered that the organisation of negotiations with UNICE and CEEP lacked stringency and was too unpredictable, sometimes leading to misunderstandings and confusion. In this view, something like the original Nordic Basic Agreements was needed, especially since even the Swedes expected that more substantial European negotiations could evolve once EMU came in place, urging a more clear-cut ordering of the relations between European and national bargaining. In a sense, this meant that the Swedish actors had moved towards raising an issue which had been rejected during the negotiations of the 31 October agreement in 1991: the establishment of a European system for notification of agreements and possibly dispute management. This time, however, it was suggested on the basis of a "voluntary arrangement" between the social actors. Such ideas are currently only at an embryonic stage, but provide an indication that some of the actors who had been most reluctant in 1991 have since moved quite far in embracing the concept of European negotiations.

### **10.2.7 Social dialogue and employment – towards a mega-corporatist European confidence pact?**

#### *Background*

In early 1996, probably inspired by the symbolic success of the parental leave case and impressed by the resurgence of worker revolt against national attempts to cut public budget deficits and qualify for EMU, as exemplified in France 1995, the Commission president Jacques Santer invited the social partners to enter a European "Confidence Pact" to boost economic growth and employment.<sup>159</sup> At the time unemployment within the EU soared towards the unprecedented level of 20 million people (more than 11% of the workforce). In addition to the immense social misery, this posed unsustainable strains on public budgets and caused uncertainty about implementation of Economic and Monetary Union.

The idea of a Confidence Pact was based on the view that the West European growth and employment record was being held back by lack of confidence, inhibiting consumption and investments. The concept was also inspired by the recent attempts in several member-states (- amongst others in Germany and Belgium) to enter Solidarity Pacts, envisaged to promote wage restraint, trimming of public budgets and government initiatives to stimulate job creation.

The social partners initially welcomed this idea. In fact, a similar proposal had in January 1996 been put forward by the ETUC general secretary, Emilio Gabaglio, in his call for a European pact for employment which "could help build the climate of confidence and security which is lacking today and help clear the path towards Monetary Union, which could then be flanked by a real European strategy for employment of equal strength and priority" (*Agence Europe* 30.1.1996). Gabaglio further had announced that this "cardinal issue the ETUC wishes to explore within the social dialogue with employer organisations" (*ibid.*).



Evidently the Commission and ETUC tradition of working in tandem had not vanished with the departure of Delors.

When presenting the idea of a Confidence Pact, Santer suggested a whole range of measures which could be packed together.<sup>160</sup> He invited the social partners to a Round Table on Employment Policy for examination of problems such as creation of jobs, flexibility, training and cost moderation (*Agence Europe* 1.2.1996). Moreover, it was suggested that employment and social questions should acquire a central role at the upcoming IGC, indicating that the 1991 Commission strategy of using social dialogue to mobilise political pressure to back up Commission proposals of treaty reform – and vice versa – had not been forgotten. With regard to agenda-setting, the Commission foresaw the Round Table to be followed up by a Tripartite Conference at the Rome Summit in June, before the whole package would be presented at the Dublin Summit as a veritable European New Deal for combatting unemployment.

The design was indeed grand: the only problem was that the Commission and the Council had at their command virtually no instruments to fill the package with content. Economic policy and labour market policy belonged to the prerogatives of the member-states, and they seemed to be having troubles enough in coping with similar problems at home. Central observers suggested that the Commission had been scared by the soaring EMU opposition and had “pressed the panic button and produced a half-baked plan which could create unrealistic expectations” (*Financial Times* 13.2.1996). The Commission evidently wanted to break the linkage which EMU opponents were making between Maastricht-induced budget austerity and unemployment in Western Europe.

The substantial issues suggested for the Confidence Pact had been persistent parts of the Community policy debate since the post-Maastricht crisis broke out. After the first 1986 Joint Opinion on a “Co-operative growth strategy for more employment” (*Social Europe* 2/1995), the ETUC had repeatedly tried to pull UNICE and CEEP into joint initiatives on the macro-economic policy-front to exert pressure on the Community to act against unemployment. In July 1992 a joint declaration on a “Renewed co-operative growth strategy for more employment” was used to call on Community initiatives prior to the Edinburgh Summit to be held in autumn 1992. During 1993 this was followed by a top-level meeting with EFTA and the Copenhagen Summit for jobs and recovery, leading to the adoption of the so-called Delors White Paper on Growth, Competitiveness and Employment in December 1993. (For a more detailed review of the issue of social dialogue and EU employment policy, see Dølvik 1997b: 29–34 and Goetschy 1996.)

At the Summit in Essen 1994, a “European Employment Strategy” was adopted. Designed to strengthen the Community role in co-ordinating labour market policies, the programme concentrated on initiatives to improve skill-formation through vocational training; greater working-time flexibility; specific measures to overcome unemployment among youth, women and long-term unemployed; reduction of non-wage labour costs and reform of social security systems; and a shift from passive income transfers to active labour market policies (Com (95)

465). The results of annual national employment programmes should be assessed at Community level on the basis of multiannual programmes, with a special view to enhancing coherence between economic policy and reform of employment systems. Still, implementation of the “European employment strategy” hinged on member-state commitment, and in subsequent years the Commission repeatedly voiced complaints about the lack of efficient follow-up at national level (CSE(96)1). More important, however, was that the austerity policies pursued as part of the EMU convergence programmes implied economic contraction and reduced employment growth.

The ETUC Congress in May 1995 hence became a manifestation of the increasing impatience and frustration of European trade unions about the lack of capacity and commitment to take efficient action against unemployment at Community level. Soon afterwards, the social partners forwarded a new joint opinion, regretting that their previous statements on macro-economic policy had not been given sufficient attention by the member-states (*Social Europe* 2/95: 177).<sup>161</sup> At the end of 1995 the ETUC launched an “Employment Manifesto” which implied a clearer distancing from the economic policy orthodoxy, noting that, after two decades of stabilisation policies, unemployment had doubled twice. If these approaches were continued, “the prospect for unemployment could be to double again – if not in the next recession, then in the one after that. That is not a model for competitiveness; it is a recipe for disaster.” Arguing that the risk of deflationary stagnation was evident, the ETUC called for demand stimulation and warned that “if the public authorities were to allow this to happen, then they would also have to bear the responsibility not only of renewed rises in unemployment, but also for a halt to the convergence process and a delay in the EMU timetable”.

Still, in the view of the ETUC, some progress had been achieved in terms of placing employment more centrally on the EU agenda (Goetschy 1996), in turn fuelling a certain hope that the growing tide of worker unrest in the member-states and the Community credibility crisis could force governments to agree on something of more than symbolic value in the Confidence Pact process.

### *The Confidence Pact consultations*

The ETUC’s proposal of a European pact for employment was, as mentioned, based on the perception that “monetary union is condemned to failure if the unemployment rate is not substantially reduced”.<sup>162</sup> Gabaglio further called for a “European economic government”, to complement EMU and ensure “that employment be given in the treaty the same importance and same treatment as monetary policy”, adding that “achieving EMU with 20 million unemployed people is simply utopianism” (*Agence Europe* 16.2.1996). The ETUC Executive Committee, assembled on 7–8 March, in principle welcomed the idea of a Confidence Pact. However, expectations were modest, and it was made clear that “the ETUC could not allow a European Pact for Jobs to consist only of general statements of intent and symbolic gestures”.<sup>163</sup> In a public statement it was emphasised that a possible pact “must contribute real value to the national pacts now taking shape in several countries” (*Agence Europe* 11.3.1996),

notably in Belgium and in Germany, where discussion over a "Solidar-Pakt" had been initiated by IG Metall.

ETUC doubts were soon confirmed when, on 11 March 1996, the Ecofin Council blocked the Commission proposal to reallocate parts of Community budget reserves to Trans-European Networks and research investments: "How can trade unions envisage calling on their affiliates to contribute to such a Pact when Finance Ministers are already trying to block these modest Commission Proposals?" (Gabaglio, cited in *Agence Europe* 13.3.96).

The Round Table Conference held in late April – where also organisations outside the central social dialogue took part (including the French CGT) – did not bring much. The Commission president reiterated the need to "give fresh impetus to the process set in train by the White Paper" and the Essen Program, hoping to "set in motion a general mobilisation for employment".<sup>164</sup> According to the ETUC, however, the employers had dug their heels and shifted the main responsibility back to national level, leading the ETUC Secretariat to write a public letter to UNICE expressing "disappointment regarding what we viewed as reluctance on the part of the employer delegation to accept every notion of a Pact".<sup>165</sup> ETUC expectations were further muted by a very critical statement made by UNICE president Perigou in an interview with *Le Figaro*: "Regardless of the partners' good will, the tripartite solution can lead to nothing but observations and is therefore unsuited to solving social problems. We have spent a lot of time getting the Member States and the Commission to understand that social dialogue has to be bilateral and that tripartism is doomed to failure because it is unbalanced, especially when a legislative body is involved" (*Agence Europe* 17/18.5.1996).

In an ETUC pre-meeting of the Social Dialogue Assembly (23.5.1996) it seemed "the air had left the balloon even before it had been pumped up", as expressed by a Norwegian unionist.<sup>166</sup> Especially the German DGB, the French CFDT and the Belgian FGTB were negative, owing to the breakdown of talks with employers at the national level. The whole notion of a European Pact had, as mentioned, been inspired by the talks on a "Solidar-Pakt" in Germany; but after Kohl had responded to employer pressure by turning his back to the DGB and unilaterally declaring harsh social spending cuts, the situation in Germany seemed to be heading towards severe class conflict rather than any Pact of Confidence. Thus, a European pact seemed increasingly unlikely, even though the ETUC affiliates agreed to keep the discussion going until the Dublin Summit in December.<sup>167</sup>

In the subsequent social dialogue meeting on 23 May 1996, the Commission tried to restore faith by declaring its readiness to invite representatives of the central banks and/or the Monetary Institute to discuss growth and employment related to the convergence programmes. Responding to ETUC criticism, UNICE argued that the views of president Perigout had been skewed by journalists; UNICE declared its willingness to look at ETUC proposals with regard to the structural funds and a youth initiative, while promising to return with a positive response with respect to negotiations on flexible working time (cf. section 10.2.6).

The Commission document for the Tripartite Conference in Rome 14–15 June contained no new measures. Instead, it reinforced the impression that it all boiled down to a re-packag-

ing of old initiatives in order to exert pressure on governments to live up to their Essen commitments (CSE(96)1). Nor did the Rome exercise bring new impetus. Seeking to repair the damage that had been done, UNICE reaffirmed its support for the process, proposing to enter negotiations on atypical work, but reiterated its usual call for structural reform concerning flexibility, indirect labour costs and reduction of national debt. Furthermore, in a declaration to the subsequent Florence Summit, UNICE requested the Community to promote competitiveness (not employment) to the status of a Union goal when revising the treaty (*Agence Europe* 21.6.96).

The Florence Summit was held in late June 1996. Once again, the financing of Trans-European Networks was blocked; the summit also deleted a proposal of increased budgets for the structural funds to boost job creation, supposed to be a central Community contribution to the Confidence Pact (*Agence Europe* 23.6.1996). With this, the ETUC seemed to have lost any illusion about what it could contribute. Since governments were preoccupied with cutting their budgets in order to qualify for EMU, and employers were preoccupied with preventing an employment chapter from being included in the treaty, a distinct impression was spreading in European trade unions that the Confidence Pact would become yet another symbolic gesture with no concrete content. As noted by ETUC's Emilio Gabaglio, "Governments seem to be fighting the last war and are obsessed with inflation, wage moderation and negative flexibility."<sup>168</sup> No wonder some ETUC affiliates wanted a review of the ETUC approach to economic policies – as exemplified by a document from the Belgian trade unions, which denounced the "official strategy of growth and employment" and "wage moderation", while urging policies for demand-side stimulus.<sup>169</sup>

In parallel, the ETUC tried to keep pressure on the IGC process, where the Swedish proposal for inserting an employment chapter into the treaty, initially rejected by key member states, seemed to be gaining support. The ETUC, however, warned that "what we want to see at the end of the process is not yet another vague, woolly declaration on how tragic unemployment is, we want to see precision. The employment chapter must be closely linked to that dealing with economic policy. Employment or the lack of it cannot just be dismissed as a 'social issue': it is a fundamental part of economic policy."<sup>170</sup>

### *The outcome*

Still, the dialogue on the Confidence Pact was continued. On 29 November 1996 a Joint Statement – "Action for Employment in Europe – a Confidence Pact" – was agreed on (the ETUC, UNICE and CEEP 1996). The statement, which was forwarded to the EU Dublin Summit 13–14 December, focused on four areas: macro-economic policies, reform of the structural funds, life-long learning, and specific measures to enhance youth employment. Since UNICE was opposed any binding measures, however, the statement basically comprised an analysis of various aspects of the employment situation and a call for concerted action in the four mentioned areas, together with suggestions for possible initiatives. Further, the agreement to start negotiations on part-time work was presented as an element of the social partners' input to the Pact.

The Joint Statement did not contain any new proposals or ideas; in the main, it seemed to be a rewriting of views already put forward in the Essen process and in previous Joint Statements, asking for better co-ordination of employment-related policies and closer involvement of the social partners in developing such policies.<sup>171</sup> Thus, from an ETUC point of view the results of the Confidence Pact exercise were "disappointing", or as more bluntly stated by a Nordic trade union representative, it was a "flop", mainly serving as "face-saving" for the Commission president Santer.<sup>172</sup>

With respect to macro-economic policies, the Joint Statement underscored "the great importance of completing EMU, recognising that, to ensure its credibility, the treaty provisions must be met in full" (ETUC/CEEP/UNICE 1996: 3). However, the ETUC managed to convince employers to stress "the importance of avoiding EMU becoming associated in the public mind with unemployment. This requires a macroeconomic environment capable of linking stability policy with a policy of support for growth and employment" (ibid.: 2). More active and efficient labour market policies were called for, while it was emphasised that budgetary consolidation was needed, but "must be achieved in ways which are credible, which do not threaten the recovery process and the competitiveness of companies, and which must be socially balanced" (ibid.: 4). The social partners also recognised that "while sound macroeconomic policies are a necessary condition for success in the fight against unemployment, they are not a sufficient one" (ibid.: 5). Hence measures to make growth more employment-intensive, reduce non-wage labour costs, especially at the lower end of the wage scale, and "innovative forms of work such as reorganisation, reduction and new patterns of working time" were recommended. Also underscored was the need for substantial structural reforms to enhance a more competitive and flexible economy, capable of evolving with social and technological changes in a world of free trade. Noting that the three key variables of macro-economic policy (monetary policy, fiscal policy, wage developments) were determined by three different groups of actors (central banks, national governments and social partners, respectively), the statement emphasised that an important objective was to build bridges between them and the authorities responsible for budgetary and monetary policies (ibid.: 4).

In this respect, the ETUC was slightly encouraged by developments in the broader context of Community debates on employment policies in which the Pact process had been a part. At the Dublin Summit 13–14 December 1996, the member-states agreed on a "Stability and Growth Pact" assigned to accompany the implementation of EMU, which demanded strict application of the convergence criteria set out in the TEU. The symbolic inclusion of "growth" into the title and the agreement that sanctions against states (exceeding the budget deficit criterion) should be based on political decisions in the Council and not be implemented automatically (as demanded by the German Government), were by the ETUC seen as a possible sign of a more flexible approach, however. Besides, the associated issuing of a specific "Declaration on Employment – The Jobs Challenge", indicating closer linkages between macro-economic, structural and labour market policies to fight unemployment, was taken by the ETUC as a possible sign of a more integrated approach to employment issues.<sup>173</sup>

In parallel, agreement among fourteen member-states to include an employment chapter into the new treaty seemed to be gaining ground.<sup>174</sup> The proposal did indeed not imply any supranationalisation of employment policies and emphasised that such policies were to be conducted in line with the economic guidelines set out to underpin EMU; however, if implemented, this proposal would represent a notable change of Community institutional frameworks in this realm (Conf/3906/96: 41). In essence, the proposal seemed to mean that the Essen process of national policy co-ordination would be written into the treaty, thereby strengthening its political importance and institutional foundations. Thus, the overall concept was in line with the notion of multi-tiered regime of shared responsibilities between the Community and member-states (Pierson and Leibfried 1995a, b, Streeck 1995a), though with a greater Community emphasis than before. The slightly growing ETUC optimism was rapidly halted, however. The Economic Policy Guidelines, proposed by the Commission in spring 1997, represented a continuation of the restrictive approach, by the ETUC criticised as a recipe for a “collective squeeze” of growth and jobs in the wake of EMU (LO/SACO/TCO 9/1997).

#### *Concluding remarks – social dialogue and employment policy*

It might be argued that the ETUC, by means of the social dialogue since 1992, has contributed to get employment placed higher on the Community agenda, and that the involvement of Community institutions in employment policy has increased. It might also be argued that the incremental policies of the Commission (related to the White Paper and the Essen procedure) have helped to create institutional frameworks for a closer co-ordination of employment policy, representing a new example of the “Russian-doll”-dynamics prescribed by Delors (Ross 1995b). That is, the opening of new supranational policy areas (monetary policy) enabled a build-up of political and institutional pressure to extend Community competences further (employment policy), when the unanticipated consequences of the former move became more visible. In such an interpretation, the demonstration of the limited Community ability to act on employment triggered growing support for an employment chapter in the new treaty, possibly creating a legacy for further change in the future, if the political will is there. If so, the ETUC and Commission efforts to exploit the White Paper process might be deemed a relative ‘success’ in the longer term, despite the bleak results of the Confidence Pact itself.

However, the constraints of the EU employment initiatives have been underscored by the fact that they (1) have not been based on real Community instruments to influence member-states policies and that (2) national employment policies have been restrained by the restrictive demands of the EMU convergence programmes (Notermans 1997b). Through the Stability Pact, this restrictive policy framework has been institutionalised as a lasting feature also after EMU has been installed, according to Boyer (1997), possibly locking the EU member-states into a deflationary path of economic development.<sup>175</sup> This supports the argument that no real evolution of corporatist economic–political exchange – as suggested by the notion of Confidence Pact – is possible as long as no credible state third-party with independent budgetary and economic competence exists at the European level.

The Confidence Pact process illustrated the inherent ambiguity of ETUC strategies that rely so heavily on a co-operative approach with employers. Although the social dialogue on macro-economic policy has provided legitimacy and a certain access to decision-makers, questions can be raised about the price in terms of co-optation and pressures to conform with the prevailing Community policy paradigm, delimiting ETUC options for promoting alternative views and mobilising opposition of EU policies (Goetschy 1996: 8). This, of course, is a danger involved in all kinds of institutionalised co-operation, precluding facile conclusions that the ETUC could have achieved more by applying a partisan approach. The recent inclusion of an employment chapter in the new treaty opens the door to more active EU co-ordination of labour market policies and has raised the priority of employment as a central Community objective. However, insofar as this has not been accompanied by enhanced political competences to pursue macro-economic policies that stimulate demand and growth, it seems insufficient to address the problem of mass unemployment in Western Europe. Thus, in a response to the Amsterdam Summit, the ETUC general secretary E. Gabaglio judged that "the employment chapter implies only a writing into the treaty the co-ordination of policies we have had since the Essen Summit in 1994" (LO/SACO/TCO 11/97).<sup>176</sup> (The outcome of the Amsterdam Summit is further discussed in section 12.4.1).

### 10.2.8 Dynamics and constraints of the central social dialogue

#### *Participation and problems of democratic legitimacy*

The growing dynamics and institutionalisation of central social dialogue negotiations in recent years have accentuated the long-standing controversy over participation and democratic legitimacy of this pattern of corporatist co-regulation of EU social policy.

After the parental leave agreement, the European Union of Crafts and SMEs (UEAPME), in a letter to the Commission, underscored the problem of "representativity of the social partners in negotiations within the framework of social dialogue", stating that, in the absence of a solution, "a legal conflict between the European Commission and UEAPME seems inevitable" (*Agence Europe* 15.12.1995, 10.10.1996).<sup>177</sup> Similar objections have been voiced at both European and national level by EUROCOMMERCE (representing the trade sector), claiming that UNICE and its affiliates were not representative of that category of employers. Also on the trade union side, CEC and CESI reiterated their criticism of not being included in the "Val Duchesse" social dialogue (EIRR 260/1995). In the view of CESI it was "unacceptable that a large proportion of employees should continue to be excluded from the social dialogue. Decisions taken in this manner are undemocratic and monopolistic and are therefore unlikely to be accepted in the Member States" (EIRR 247/1994).

On the one hand, this indicated that insofar as the social dialogue has begun to produce results, it has gained prestige and become more attractive, encouraging Europeanisation of interest representation among a broader set of organised actors. On the other hand, this represents a threat to the credibility and legitimacy of the current form of social dialogue (Buda

1995: 301). The European Parliament has previously called for better representativity and inclusion of a broader set of actors (EIRR 247/1994), and several governments and Commissioners have expressed support for recognising specific organisations. Also within some ETUC-affiliated unions the problem of the democratic legitimacy of the social dialogue has been recognised; this was illustrated by the Swedish TCO representative who asked, “Can EU-agreements between unions and employers create a corporatist decision-making system which sets the democratic institutions offside? (...) If we do not ponder about this, we risk someone else does it, for example forces in the European Parliament who feel threat at their toes by the social partners’ increasing influence” (LO/SACO/TCO 8/96).

In the parental leave case, the Commission came to the conclusion that the ETUC, CEEP and UNICE were the only representative organisations at the cross-sectoral level (Com( 96) 26),<sup>178</sup> although it did take note of the objections raised by some outside associations (as did the Council). Accordingly, in its overall appraisal of the social dialogue autumn 1996, the Commission stated it “would like to encourage the European social partner organisations to co-operate more closely in finding solutions to this question. It appeals to the social partners to be open and flexible on the issue in order to ensure appropriate participation in negotiations” (Com(96)448: point 72). Acknowledging that the Val Duchesse social dialogue is based on the mutual recognition of the parties, the Commission underscored its responsibility “to assess the validity of an agreement in light of its content, which requires an assessment of whether those affected by the agreement have been represented”, an issue which must be examined on “a case by case basis” (ibid.: point 71). The Commission also suggested it would review the list of organisations to be consulted on legislative proposals and “promote the development of linking structures between all social partners”, paying special attention to the representation of small and medium-sized enterprises. In that spirit “the Commission will organise regular meetings between all interested social partner organisations for information and exchange of views on developments in relation to consultation and social policy in general” (ibid.: point 64), aimed at strengthening the links between central and sectoral social dialogue.<sup>179</sup> One such meeting was held September 1996, and here UNICE expressed its opposition by not showing up.

During the recent IGC, the demands for broadening of the social dialogue gained strength. Several member-states suggested that the right to convert social partner agreements into EU legislation should be restricted (LO/SACO/TCO 9/97). A synthesis report of responses to the recent Commission Communication on social dialogue states that “the validity and legitimacy of the current representation of the SMEs is challenged” (European Commission, DG V 1997).<sup>180</sup> At a large social dialogue conference in The Hague on 29 April 1997, Commissioner Padraig Flynn accordingly reminded delegates that “the three interprofessional organisations who take part do because they came forward in 1985 (...). But since that time, other organisations have matured and moved into the frame. (...) there must be an opening up to other organisations who are prepared to make a constructive and flexible contribution” (Flynn 1997a: 3–4).



Clearly, the privileged position of CEEP, UNICE and the ETUC has come under pressure. The challenge of representativity is primarily an employer problem. Most observers seem to share the view that UNICE and CEEP do not cover SMEs in a satisfactory way and that UEAPME should be allowed participation.<sup>181</sup> The challenges from EUROCOMMERCE are regarded less well-founded, owing to its character as a sectoral association. UNICE has responded vigorously to the criticism from EUROCOMMERCE, referring to UNICE's role as a confederation of national confederations, covering enterprises in industry, services and trade<sup>182</sup> and has so far vetoed any extension of participation at the employers' side. Compared to the ETUC, which is where the European industry federations are affiliated, an obvious problem for UNICE is that it has no formal relations with sectoral employer associations. This hampers co-ordination and constantly reproduces rivalry and tension over representativity. In the early 1990s UNICE, as mentioned in chapter 7, invited other employers' associations into "an employer network" aimed at enhancing exchange of experiences and co-ordination, but this network has evidently not been sufficient to avoid rivalry on the employer side.<sup>183</sup> A move to accommodate the conflicts occurred in the case of the atypical work negotiations, however, where representatives of EUROCOMMERCE and EUTREC were allowed to be present in the employer delegation with two "experts". In their replies to the recent Commission Communication on social dialogue, EUROCOMMERCE and HOTREC noted that they "aim to achieve a genuinely interprofessional employers' group" (European Commission DG V 1997). Whether these developments signal that some kind of re-configuration of organisational relations will be evolving as social dialogue gains strength, remains an open question, though. Falkner (1996c: 11) has suggested that in the long run the integration of the smaller, competing groups into the ETUC and UNICE can be expected, but as yet the organisational barriers to such a development remain significant.

The ETUC has kept a low profile on the issue of accepting new employer participants, not wanting to intervene in UNICE business. Yet, informally ETUC actors acknowledge the need to bolster the representativeness of the social dialogue, and certain low-key relations have apparently been established with UEAPME.<sup>184</sup> On the trade union side, the contention from CESI has lost much credibility, due to the transfer of dominant Nordic professional affiliates (AF-N, AC-DK and SACO-SW) from CESI to the ETUC. "The organisation is almost dead and the ETUC can never accept participation of such a quasi-organisation", according to central ETUC sources. Still, CESI has continued to receive backing from central Community actors close to the Deutsche Beamtenbund (which is the backbone of CESI).<sup>185</sup>

The most complicated issue for the ETUC would thus seem to be how to handle its relations with the tiny managerial association, CEC, which, despite patchy coverage, was deemed representative of this specific category of employees by the Commission in 1993.<sup>186</sup> The CEC covers only 13 national associations with a membership of approximately 1 million in the EU/EFTA, of which only half have any role in national collective bargaining (EIRR 245/1994). The existence of CEC basically reflects inter-union rivalry in France, notably that the French confederation of cadres (CFE-CGC) has been refused ETUC affiliation by the other French

trade unions. The ETUC has adopted a fairly open attitude, and a practical understanding based on ad hoc arrangements has evolved, with the ETUC offering CEC representation here and there. Several EIFs and national affiliates have strong objections to this, however. What seems feasible at the European level does not necessarily fit at national level, where several of the CEC affiliates are considered utterly unacceptable to deal with.<sup>187</sup>

Nevertheless, expanded participation in inter-sectoral social dialogue seems difficult to resist. This is exemplified by the meetings of the Confidence Pact process, where both the traditional and contending associations took part, including the former Communist French confederation, CGT. The controversy on representativeness has highlighted the difficulties of establishing a viable and legitimate pattern of corporatist decision-making at the European level. Respect for the autonomy of the social partners and the principle of mutual recognition restrict the ability of the EU to impose a re-configuration of actors. On the other hand, the dependency of the social partners on political consent might suggest that actors will be forced to undertake reforms towards a more coherent representation at the European level, if so, accentuating the corporatist dynamics driving the Europeanisation of labour market organisations.

#### *Political dependency and constraints*

As a result of the institutional reforms at Maastricht, the protracted development of the "Val Duchesse" social dialogue since its initiation in the mid-1980s has attained increased political importance and become more solidly founded. According to a recent Commission evaluation, the inter-sectoral dialogue "has made significant achievements, and it shows rich potentials for developing a partnership approach to social policy, which can play an important role in supporting steps towards European integration. Therefore, the Commission will continue to give its full support to the Val Duchesse social dialogue in the spirit of the Article 118B of the treaty" (Com(96)448).

Despite the progress made, there is reason to be sceptical about the inter-sectoral social dialogue's potential for developing a genuine European system of industrial relations (which has been the principal objective of the ETUC). The central social dialogue is completely dependent on the capacity and commitment of the Community to bring European social policy forward. In the absence of any employer will to engage in voluntary negotiations, as well as the absence of conflictual rights at the European level, the "fuel of the engine" is legislative Community initiative. Hence, what has been evolving is not a kind of European collective bargaining in its own right, but a new type of corporatist co-regulation of EU social policy, functioning within the confines of EU's limited competences and the still-weak political will of member-states to strengthen the social dimension of Community integration.

Some significant changes can nevertheless be noted as a result of the Maastricht institutional reforms. First, as pointed out by Rhodes (1995: 118), the passage of the EWC directive demonstrated the increased EU capacity to adopt legislation on controversial labour issues by means of the MSA. Second, despite its fairly symbolic character, the parental leave case

showed that the enhanced legislative capacity of the EU can indeed induce employers to sign agreements with trade unions at European level. This was, third, confirmed by the recent agreement on part-time work. On the other hand, uncertainty remains as to whether these were exceptional cases, basically reflecting the joint interest between the parties in preserving their privileged status as social partners and the MSA in face of the ongoing IGC. The fact that both parties decided to enter into negotiations on the contested latter issue was significant, however, and may indicate that the actors have gained increased confidence in European negotiations. On the trade union side, this, fourth, evidently reflected increased organisational integration related to reforms of internal procedures for mandating, decision-making and involving affiliates in formulation of claims and ratification of outcomes. Acquired experience and greater transparency have increased the willingness of constituent units to participate in steps of Europeanisation, suggesting that a process of organisational learning has been unfolding. The attempt at creating a tripartite Confidence Pact at European level also indicated the increased importance attributed to social dialogue and suggested that the ETUC and the social dimension coalition have managed to position employment policy more centrally on the Community agenda, although the very modest result accentuated the discrepancy between political rhetoric and the Community's actual political capacity in this realm.

Two main lessons can thus be inferred from the implementation of the Maastricht Social Agreement: Firstly, that notable steps towards establishing a corporatist regime of European social policy regulation have been taken, slowly adding some life to the institutional skeleton designed at Maastricht. The modest substantial results obtained so far underscore the second point, however: that evolution of European negotiations within central social dialogue is intrinsically dependent on the political will to enact Community legislation. UNICE has only been willing to negotiate "in the shadow of law", that is, its aim has been to dilute regulations by avoiding the worse evil of EU legislation. The relative bargaining power of the parties depends ultimately on the political constellations in the Council and the Commission design of legislative proposals, and the game has mainly been about how much the ETUC has been willing to accept dilutions in order to achieve the precedent of a negotiated solution. Even though the employers have been pulled further than many observers would have expected, it seems that the ETUC has had to grant considerable concessions, by taking greater account of the subsidiarity principle and allowing more flexibility in implementation than initially desired. As demonstrated by the EWC case, the legislative proposals of the Commission also anticipate the positions of the social partners and are shaped by deliberations of (i) what can represent a feasible trade-off between the two parties, and (ii) what can possibly pass through the Council. Irrespective of whether the legislative or the negotiation path is finally chosen, the extensive consultation procedures indicate that a peculiar three-way game of negotiated co-regulation has been evolving. This implies that a long-term learning process, through reiterated games, will be required for the actors to sort out their preconditions of action and feasible negotiating strategies under the changing political circumstances of EU social policy. Experience so far shows that the envisaged veto power of the least interested actor, the

employers (Streeck 1993, 1994), has not been confirmed, but more subtle mechanisms of influence through tactical positioning and intensified coalition-building seem likely to evolve.<sup>188</sup> As pointed out by Keller and Sörries (1997), an interesting question is also what will happen to elements of draft directives that are left out during social partner negotiations. If the Commission does not reinject them in new legislative proposals, European negotiations may imply significant opportunities for employers to delimit the EU social policy agenda.<sup>189</sup>

While scholars with a “Euro-optimistic” leaning (Falkner 1996a, b) have viewed the evolving policy pattern as a promising innovative example of Community regulation, “Euro-pessimistic” scholars have seen it as a confirmation of the inadequate mode of “neo-voluntarist” EU social policy, with weak regulatory standards and too much leeway for unequal implementation at national level (Streeck 1995a, b). Thus far, the political agenda of EU social policy legislation has been preoccupied with implementation of remaining blocked directives of the 1989 Social Action Programme and with “leftovers” from even earlier phases, leaving uncertainty about the future of EU social policy. The 1994 Commission White Paper on Community Social Policy, as noted, contained few legislative proposals and emphasised implementation, consolidation, analysis and consultation: “Given particularly the achievements of the 1989 programme, there is at present less scope and need for a wide-ranging programme of new legislative proposals” (Com(94)333). This provoked the ETUC to respond that with “the discernible shift away from legislation towards greater involvement of the social partners, (...) the Commission cannot shirk its legislative responsibilities and simply wash its hands of the matter”.<sup>190</sup> Still, in the area of labour law, the Commission Social Action Programme of 1995–97 was “virtually silent” (EIRR 257/1995). The consultations and debates it outlined might lead to new regulations on matters such as individual dismissals, national level information and consultation in companies, and possibly home-working, workers’ privacy and sexual harassment (*ibid.*). Several pending proposals implied some fuel for the legislative engine, including measures on issues like social security for migrant workers; equal treatment for men and women in occupational social security schemes; reversal of the burden of proof in equality cases; posting of workers (adopted spring 1996); employee rights in transfers of undertakings; working time in excluded sectors; and various health and safety issues. During 1995–96 many of these measures were put forward, leading the European Industrial Relations Review (EIRR) to remark that “reports of the death of Community social policy appear to be exaggerated (...), it is still alive and kicking” (EIRR 264/1996). Contrary to the widely shared view that the British “opt-out” would relegate the Maastricht social policy agreement to the sideline, it was noted that although “whole-Community legislative activity is at a virtual standstill”, the focus “has now largely switched to the procedures of the social policy Agreement, which exclude the UK” (*ibid.*).

Most of the legislative leftovers seem best suited for legal regulation, suggesting that the impetus to social dialogue negotiations will remain limited. In Spring 1997, the Commission declared it would initiate consultations on the issue of life-long training, which, together with a renewed initiative on employee information and consultation, would be intended to pro-

vide some food for further social dialogue negotiations the coming years. In the aftermath of the spectacular Renault case (see section 10.4), the question of basic employee information and consultation rights, associated with the long-standing conflict over the European Company Statute, is expected to cause great controversy as it touches on sensitive issues related to the persistence of national systems of co-determination and board-level representation of workers (Streeck 1997: 28). Inspired by the EWC directive on legislation-induced negotiations, the Commission has signalled it would prefer a European framework regulation, either in the form of a directive or a social partner agreement, enhancing national processes of negotiated and/or legislated implementation.<sup>191</sup> Considering the deadlock this issue caused in the 1980s, the renewed initiative might suggest that also the Commission has gained greater confidence in the new social dialogue procedures. Accordingly, the ETUC has recently signalled that it is prepared to initiate negotiations on the topic, but UNICE seems more reluctant and has refused to negotiate on the issue of sexual harassment at the workplace.

Alongside the deceleration of Community social policy legislation in recent years, a shift of emphasis and approach of EU social policy has been notable: the Commission, in principle supported by the Council, has adopted a broader policy agenda with less focus on labour standards. First, job creation and employment has been made top priority, indicating a stronger emphasis on labour market reform than on increased labour protection. The follow-up of the Essen procedures has been a key concern, reflected in the Commission appraisal which calls for a reorientation of social dialogue at all levels towards employment (Com (96) 448). The social partners are thus invited to play a more active role in "development and implementation of EU policies" in this realm, in autumn 1997 followed up by the Luxembourg Presidency, proposing to replace the dormant tripartite Standing Committee on Employment with twice-yearly meetings between the social partners and the so-called Troika (that is, the outgoing president, the current president and the future president of the EU Council).

Second, there have been signs of a broader scope of Community social policy, with initiatives against poverty, social exclusion, sexual and racial discrimination, and protection of civil rights as a more central part of "maintaining and adapting the European Model of the Welfare State" (Com (94) 333). This was coupled with Commission efforts at getting a chapter on basic civic rights included in the revised treaty – which eventually failed.

Third, an integral part of the reorientation of Community social policy has been the increased emphasis on acting as a "catalyst" in promoting joint discussion, exchange of experience, and concerted action in response to common problems, in concordance with the subsidiarity principle (*ibid.*).

In these areas, the Community commands limited competence and will have to rely on joint approaches with the member-states as key operators. Thus, as pointed out by several authors, the European social policy regime which has been evolving in recent years more resembles a multi-tiered polity of shared and overlapping competences, in which governance

by persuasion, consultation, choice, diffusion and exemption plays a growing role, leaving limited scope for supranational regulation (see e.g. Pierson and Leibfried 1995a, Streeck 1995a). In such a system of social policy governance, the European social partners are indeed envisaged an important consultative function, but there seems rather little scope for the social partners to achieve a more prominent role as co-regulators.

Still, recent events warn against too sweeping conclusions about future development. During the post-Maastricht period most scholars were very pessimistic about the political will of the Community to regulate through the MSA. It was assumed that the UK "opt-outs" of both the MSA and the previous Social Charter would induce member-states to stick to the treaty proper and allow the UK to continue its blockage, thus revealing the "cheap talk" of the other member-states and inhibiting the evolution of European negotiations (Lange 1992, Streeck 1993). In this light it might be argued that the protracted development of EU social policy and social dialogue under the MSA has meant greater change than predicted by the most "Euro-pessimistic" scholars. Gradually, the "old treaty" became relegated to the sidelines, and the member-states (except the UK) used the MSA option of qualified majority voting to overcome the policy deadlock, most significantly in the case of the contested EWC directive, eventually followed by a cautious normalisation and continuation of the regulatory process (Falkner 1996a: 2). Still, the search for compromises with the UK before taking recourse in the MSA evidently implied lowered standards of the texts which were adopted in the end (*ibid.*: 12).

On this background the final incorporation of the UK and the inclusion of the MSA in the revised treaty of 1997 might indicate that important obstacles to EU social policy have now been removed. However, given the consolidated principle of national sovereignty and subsidiarity in Community social policy, combined with the employment crisis, any radical shift in the EU social policy trajectory is hardly to be expected.<sup>192</sup> On the other hand, if the political will is there, the legal basis for a more stringent regulatory approach of the Commission and the Council is now arguably more favourable than before. Although a return to the harmonising approach can be ruled out, this might suggest that the "voluntarist" mode of regulation can be based on a stricter core of minimum standards. This could provide greater scope and impetus for negotiations between the social partners.

### **10.3 Development of social dialogue at the sectoral European level**

#### **10.3.1 Overview**

At the time this study was initiated, I believed trade union traditions and the economic legacy of the single market would be most conducive to Europeanisation of industrial relations at the sectoral level, which was the predominant level of collective bargaining in the member-

states (Dølvik et al. 1990).<sup>193</sup> The assumption was that it was at this level that the effects of tougher competition, industrial restructuring and pressures towards convergence of labour costs would be most pronounced, with companies and workers in different countries exposed to direct cross-border competition. Accordingly, the desire to prevent social dumping and ensure a level playing field by means of transnational co-ordination of industrial relations would, I expected, be most acutely felt by trade unions and possibly employers at the sectoral level. The ETUC strategy debate over European collective bargaining in 1992–93 similarly confirmed that the sectoral level was perceived as the most important and appropriate level for development of European negotiations, reflecting the decision of the ETUC 1991 Congress to adopt the European industry committees as full members of the ETUC.<sup>194</sup>

Real developments have proved otherwise, however. In general, sectoral European social dialogue has not managed to get off the ground and, with a few exceptions, the development of European negotiations seems far away.<sup>195</sup> There are several reasons for this. The most fundamental barrier has been the lack of coherent employer interlocutors with capacity and will to represent the social interests of capital at the sectoral European level. Also the trade unions are weakly organised at this level. Another major obstacle has been the absence of legal and political pressure from the Community, suggesting that political dynamics are more important than economic logic for the establishment of European social dialogue. In recent years, a certain amount of progress has been achieved in some sectors, and the cross-sectoral agreements on parental leave and part-time work seem to have encouraged moves towards ancillary sectoral negotiations. The most important trigger of sectoral industrial relations is still expected to flow from the evolution of EWCs, in the view of the EIFs, hopefully forcing employers into closer co-ordination at sectoral level. Still, it is a widely held view that sectoral-level social dialogue is in crisis, compounded by the recent Commission evaluation, with its call for far-reaching reforms (Com(96)448). This section provides a brief review of post-Maastricht developments.

### 10.3.2 Institutional frameworks

The issue of sectoral social dialogue was part of the agenda when the 31 October agreement was negotiated in 1991, but UNICE maintained a very withdrawn position. The concept of a social partner was not defined, nor was there any explicit mention of the sectoral level in the final text. Although both the 31 October agreement and the MSA stipulated the Commission's obligation to promote social dialogue in general, varying interpretations emerged as to whether the concept of European negotiations being made into Community law by Council decision applied to the sectoral level.

The ETUC strongly favoured such a view, but at the Social Dialogue Summit held on 2 July 1992, UNICE was very reluctant: "UNICE (...) intends to resist sectoral negotiations:(...) its post-Maastricht strategy is to confine its participation in European-level negotiations to those issues which are subject of a Commission initiative under the social policy protocol, and these are seldom likely to be sector-specific" (Hall 1994a: 305). The issue was seemingly clarified by

are seldom likely to be sector-specific" (Hall 1994a: 305). The issue was seemingly clarified by the 1993 Commission Communication (Com(93)600) which declared that the Commission's support for European negotiations "may concern all the levels at which Community negotiations can take place: multisectoral, regional, cross-border, sectoral company or transnational group". The question has so far remained fairly theoretical, since the Community seldom launches social legislation applying to specific sectors, except in the health and safety area. In a recent agreement in railways, sea transport and civil aviation sectors, the question was resolved by recommending application of the existing working-time directive to some or all of the workers concerned (Flynn 1997b). Thus, the MSA concept of promoting European negotiations under "the shadow of law" has yet had limited relevance for the sectoral level, which indicates that sectoral agreements must emerge either from voluntary negotiations or from framework agreements signed at the inter-sectoral level.<sup>196</sup>

The difficulties of developing sectoral social dialogue without the political threat of legislation have been illustrated in several core industries, where virtually no dialogue exists whatsoever. The important Western European Metal Trade Employers Organisation (WEM) has constantly been reluctant to enter organised talks with the European Metalworkers' Federation (EMF);<sup>197</sup> WEM has claimed it has no competence in social and employer issues (Gerstenberger-Sztana and Thierron 1994: 221). The same goes for the chemical sector, where CEFIC, perhaps the largest and most powerful business lobby association in Europe (Grant 1993), has persistently refused to have organised relations with the trade union side.<sup>198</sup>

### 10.3.3 Post-Maastricht developments – some sectoral examples

#### *Developments in the European metal sectors*

The European Metalworkers' Federation (EMF), in 1993 representing more than 6 million workers and 43 national unions (ETUI 1993), has since the 1980s concentrated on developing an alternative strategy to what it has seen as the top-down ETUC approach.<sup>199</sup> Rather than relying on social dialogue instigated by the Commission, the EMF has tried to build up trade union networks and counterpower from the company level, concentrating on fostering a strong body of voluntary EWCs. In the long term this has been perceived as a precondition for preparing co-ordination of collective bargaining and pressuring management to constitute at European level (Gerstenberger-Sztana and Thierron 1994: 218). This strategy very much reflects the dominant position of the German IG Metall within the EMF, with the former explicitly critical of the political "quasi-trade unionism" represented by the ETUC.<sup>200</sup> The EMF and IG Metall have thus been among the most outspoken trade union critics of the "corporatist" concept of European negotiations embedded in the MSA (ibid.: 218, Blank 1994: 135).<sup>201</sup>

In March 1993, the EMF staged a large conference on European collective bargaining in Luxembourg, which I had the opportunity to follow.<sup>202</sup> This Conference became a firm expression of the need for closer co-operation between national unions in the metal sectors, exemplified by recent examples of relocations in the Hoover and the Grundig companies,



where unions had been played off against each others. Especially Belgian representatives referred to the *de facto* co-ordination on the employer side within the DM-zone. Both Dutch and Belgian employers were reported to consult frequently with the German Gesamtmetall and calculate the scope for wage increases in common currency, while overly-favourable wage increases were routinely rebalanced by adjusting interest rates. This implied that IG Metall actually served as a transnational pattern-setter, similar to a "Social Bundesbank".<sup>203</sup> Belgian metal unions thus called for immediate action to develop European collective bargaining. The conference demonstrated broad agreement that European negotiations was an important objective, that better information and co-ordination of national bargaining claims were required, and that a common data base should be built up – but little progress was made during the subsequent years.<sup>204</sup> In practice, very few national unions were prepared to hand over mandates and get involved in serious efforts at Europeanisation.

A central explanation for this was that IG Metall – the backbone of the EMF – despite strong verbal support for European action, was totally preoccupied with handling the critical situation of collective bargaining in Germany after re-unification (Turner 1993, 1995).<sup>205</sup> With the most powerful union of the European metal workers busy struggling for the survival of collective bargaining at home, there was no impetus for the construction of European bargaining. IG Metall has traditionally applied a radical rhetoric about the need for worker internationalism, exemplified by the statement of the president of IG Metall, Klaus Zwickel (11.3.1993), referred in the introduction: "I fear a downward spiral, driven by ruthless competition and economic nationalism if we do not develop a common European tariff-policy based on European framework agreements."<sup>206</sup> In practice, however, IG Metall has frequently been criticised for an overly self-content and inward-looking policy (Jacobi 1994, Turner 1993, 1995). Be this as it may, in financial and organisational terms, IG Metall has been a decisive supporter of the EMF.

The EMF has continued its efforts to develop contacts with management organisations, centred around Community programmes on issues like R&D, industrial policy, technology, use of the structural funds etc., where management organisations have been assumed to have a joint interest with the EMF in consulting with the Commission.<sup>207</sup> Business associations at the branch level, such as ship-building, machine-tools and automobiles, have been willing to enter discussions on technical standardisation and the like, but they command no social policy competence. This belongs to WEM, which has maintained its reluctant stance (Gerstenberger-Sztana and Thierron 1994: 221). This kind of industrial dialogue, however, does not point towards sectoral European collective bargaining – which, according to the former EMF general secretary, Bert Thierron, is still a "Wünsch-Traum" in the short and medium term. Since many EMF affiliates fear that European social dialogue or negotiations can lead to levelling-out, and many strong national unions are reluctant to cede powers to European agencies, the only realistic aim, in his view, would be co-ordination of national bargaining by putting forward similar claims in parallel in different countries.<sup>208</sup>

In order to pursue this aim, the EMF has been building up a data base on bargaining devel-

opments in the member-states; but in practice the co-ordination process has not really got far.<sup>209</sup> To strengthen efforts along this path the EMF staged a new large-scale conference on European collective bargaining 24–25 October 1996. With reference to the report “Collective Bargaining in a Europe without Frontiers” (EMF 1996a), submitted to the conference, the adopted “Guidelines and basic issues of the collective bargaining policy of the EMF” noted that collective bargaining in the EU countries was “weakened by the prevailing neo-liberal economic policy geared solely towards increasing global competitiveness”. One of the major problems was seen as “the restrictive budget policies of the European governments, that are solely geared to monetarist aspects and are aggravated by the Maastricht criteria, as one of the main causes of the persisting depression in the European economy” (EMF 1996b).

Held in a situation with large-scale strikes against cuts in sick-pay in the German metal sector, the conference did, however, not signal any major new initiatives towards European co-ordination of sector bargaining. As one Norwegian participant noted, it was not particularly attractive to engage in co-ordination of bargaining when the issue at stake in most countries was to delimit concessions and downward adjustments.<sup>210</sup> Yet, the guidelines which were adopted called on the EMF collective bargaining committee “to examine possibilities for joint European initiatives and European-wide means of obtaining results and carrying out campaigns”, while pointing out the following key priorities: (1) “Endeavours to at least compensate price increase and secure an equitable share of productivity gains” and “in the case of a loss of real earnings over a period of more than three years in any one country, the EMF should make a report and discuss this”; (2) “absolute priority to the reduction of working time in all possible forms”, and combatting overtime and weekend work. Clearly, European-wide co-ordination of bargaining in the metal sectors still seemed a distant possibility. On a more limited scale, however, new initiatives have recently been taken by IG Metall to promote exchange of information and co-ordination of bargaining claims between unions in the metal sectors in Germany and the neighbour countries, that is, Belgium, the Netherlands, Denmark and France.<sup>211</sup>

The EMF has in recent years undertaken a substantial strengthening of its organisation, expressed in a raise in membership fees from 4.5 BEF to 7.5 BEF, increased staffing and appointment of a new deputy general secretary from IG Metall, according to the Danish general secretary, Hans Fluger.<sup>212</sup> This also reflects a greater involvement of IG Metall, presumably in view of the increasing difficulties of coping solely by national means. “Still, many national union leaders are dragging their feet and lack knowledge about European policies. We face a vicious circle or a ‘Catch–22’ situation where the absence of results at European level reproduces disinterest among national leaders.” Nonetheless, some hope for sectoral dialogue is placed in tendencies of employers to realise that their sterile Nay-saying approach for legitimacy reasons will no longer be viable once the EWCs start functioning. Moreover, EMU is expected to restrict the scope for national bargaining and enforce incentives to co-ordinate labour market policies at European level, which, in the view of Fluger, can most appropriately be done at the sectoral level. Still doubts prevail as to whether the core interest

of the EMF lies in sectoral dialogue around social issues:

"The key concern, from my point of view, is to develop dialogue concerning supply side issues like education, training, technology, environment and industrial policy. The recent crisis of the Dutch Fokker Aircraft Industry illustrates the point, how could we handle the situation of restructuring and rivalry between Daimler-Benz, Fokker, British Aerospace and Airbus – except stating we did not like it – without engaging in development of a common European industry strategy for restructuring?"

The basic impetus for developing European industrial relations at sectoral level, however, is expected to come from the EWCs, according to Flugler:

"My hunch is not that the EWCs will become superficial and have no content, the problem for national trade unions may well be that they become overly significant, that the MNCs will use them as much as possible to gain legitimacy and possibly develop company bargaining-relations to fill the loopholes when national bargaining vanishes and becomes ever more ritualistic because of EMU".

Thus, the EMF has recently developed contacts with twelve key MNCs – in Flugler's wording, the really "Big Guys" – to start discussions on common training schemes. Some promising signs have also been seen in the fact that the British engineering employers' federation (EEF), which had left WEM and was likely to leave UNICE, has established links with the EMF. This, it is hoped, may enable the development of alternative employer partners for co-operation – in the view of Flugler, "making the German Gesamtmetall shit-scared".<sup>213</sup> However, an EEF representative recently made it quite clear that the EEF's "pragmatic" contacts with the EMF had nothing to do with the development of European collective bargaining or co-determination: "We strongly support the establishment of EWCs to pursue information and consultation to cope with change and we discuss with the EMF issues of training, but never collective bargaining, a premise which has been explicitly agreed with the pragmatic EMF secretary Hans Flugler."<sup>214</sup>

The EMF's difficulties in developing social dialogue in the metal sectors have in most respects been paralleled by the situation in the chemical and energy sector. The former European Federation of Chemical and General Workers Union (EFCGU), which after merging with the miners' association in 1995 became EMCEF (European Mine, Chemical and Energy Workers Federation), has not managed to develop any structured relations with its main employer counterparts. The employer associations of the sectors "define themselves merely as pressure group representatives" and "reject any contacts (...) that can be called social dialogue".<sup>215</sup> According to EMCEF general secretary, Franco Bisegna, however, employer associations from France, Germany and Italy have in recent years showed some interest in improving the situation – partly as a response to the growing dynamism of EWCs – raising hopes that a reconfiguration of employer organisations may evolve either inside or outside of CEFIC.<sup>216</sup>

#### *Developments in the private-service sectors*

A somewhat more positive picture can be painted in the private service-sectors. EURO-FIET<sup>217</sup>

with 129 member organisations, covering approximately 6 million members in 1993 (ETUI 1993), has succeeded in establishing informal working groups with employers in several branches, including retail and wholesale, banking, insurance, cleaning and private security (*Social Europe* 2/95). Its activities mainly involve joint studies, seminars and statements on various aspects of vocational training, skill development, technology, working time and employment conditions, often linked to Community programmes in the field. In some instances, however, "il y a un clair dépassement de cette fonction consultative" (Pochet 1996).<sup>218</sup>

In the commerce sector, joint statements have been issued on combat of violence (March 1995); on the future of social dialogue in the sector (October 1995); and several training programmes have been elaborated (see Pochet 1996). In 1996 EURO-FIET and EUROCOMMERCE, as mentioned in section 10.2.5, agreed to start negotiations on implementing the parental leave agreement in the sector; but owing to the Council's enactment of the agreement and objections from the ETUC, the negotiations were dropped.

In the cleaning sector, there has been progress in connection with a joint recommendation on implementation of the working time directive (December 1993); on studies on vocational training (financed by the FORCE programme); joint guidelines for training; and a recent agreement concerning employment creation and new services, signed with EFCI (European Federation of Cleaning Industries) September 1996.

According to EURO-FIET's director Bernadette Tesch-Segol, the fairly positive development in these industries is partially explainable by the interest shown by employers (who do not accept UNICE as representative for the sectors) in gaining recognition as a central social partner.<sup>219</sup>

"We follow a very modest strategy based on the acknowledgement that the real and only interest of employers in promoting sectoral social dialogue is to improve the image, status and the identity of the sector in order to win recognition of the Commission".

A problem, however, is that "the Commission people do not know anything about the reality of practical work in our sectors, for example they have no idea of part-time workers in the retail industry. We often feel that the Commission does not really care about sectoral dialogue." On the trade union side

"we have to be very patient and gradually build up representative organisational structures and strength in order to be prepared when something substantial occurs, which we have to see in a 10–15 years perspective".

Since, in the short term, there is a real risk that the Commission may choose to rely solely on the central dialogue, "we must be able to prove that the sectoral level is better equipped to negotiate, and, in fact, most of the confederal associations have no mandate to negotiate. Hence the social dialogue cannot be conducted in a pyramidal top-down way, we must build a sectoral platform with close ties to national affiliates to raise awareness and involvement

from below". And as referred by Martin and Ross (1998a), Tesch-Segol emphasises that "if you want an agreement, start on a subject where you are likely to get an agreement, even if it is not the key issue."

### *Developments in the public sector*

In the public sector, the EPSC (European Public Services Committee), with 8 million members and more than 100 affiliates, has been faced with great obstacles. Even though the public sector covers more than 40 million employees in the EU, social dialogue has long been virtually non-existent (Keller and Henneberger 1994). This reflects the absence of representative public employers associations.<sup>220</sup> The CEEP participates in the central social dialogue, but has mainly represented public utilities and covered far from all member-states of EU/EEA. The main counterpart of public sector trade unions – national governments – are only indirectly represented at European level by an informal working group of directors general (Olsen 1994: 107). Following requests from the EPSC, a study on social dialogue was conducted by the European Institute of Public Administration, but a Council meeting (21–22 June 1993) decided that the establishment of a common forum for state administration employers was premature and outside the mandate of the Community (Olsen 1994: 107). Municipal authorities are the largest public employer; they have been represented at European level by the CEMR (Council for European Municipalities and Regions), which has been a lobby organisation with no real mandate to enter social dialogue.<sup>221</sup> In 1994, however, the CEMR adopted "an employer platform" and declared its intention to enter "discussions on employment matters with any appropriate parties". The explicit aim was to remedy the exclusion of municipal employers from European social dialogue.<sup>222</sup> A problem with the CEMR, however, has been that several national municipal organisations, for example the German, Swedish and Danish, have entered the CEEP. Nonetheless, 27–28 November 1995 the first social dialogue conference for local and regional government was held between the EPSC and the CEMR, supported by the Commission DG V. Here developments in industrial relations like sectoral and cross-sectoral dialogue, employment conditions, flexibility in the workplace, high quality public services and equal opportunity policies were discussed (*Agence Europe* 6.12.1995).

Reflecting the absence of encompassing and representative counterparts, the EPSC has tried to approach employers at a more disaggregated level – that is, in branches where Community policy of joint interest might induce employer interest. Some progress has been achieved, for example in the energy sector, where EURELECTRIC in 1993 agreed to enter informal talks on training. On the whole, however, it has proved difficult to initiate any social dialogue in the public sector: "Employers of the public service are absent from social dialogue and have neglected to contribute to the establishment of a Europe of Employment and a Social Europe", according to the EPSC secretary, Carola Fischbach-Pyttel (*Agence Europe* 23.3.1996). It should, however, be added that many national public-sector unions have also been highly reluctant to engage in European-level dialogue or negotiations (Keller and Henneberger 1994).<sup>223</sup> Although the public sector is increasingly affected by Community pol-

icies – for example through EMU and the opening of markets for several key areas of public services – an obvious hurdle is the lack of explicit Community policies for the public sector. A key EPSC demand – adopted also by the ETUC – has therefore been to have objectives for providing proper public services included in the revised treaty. This demand was not fulfilled, however.

*The high-mobility building and construction sectors*

One of the most advanced sectors as regards social dialogue is the highly internationalised building and woodworker industries, where the EFBWW (European Federation of Building and Woodworkers) in 1993 organised 3.1 million members (ETUI 1993): “Over recent years the dismissive stance of European employers’ organisations in building and woodworking with regard to social dialogue has gradually faded away. At the end of (the 1992–95) congress period we are able to talk about a formal dialogue which has produced some important joint policy statements in recent years. However, the employers’ organisations still remain highly negative when it comes to working out structural agreements or joint recommendations” (- EFBWW, Congress Report 1995: 37).

The EFBWW considers the consultative procedures flowing from the Maastricht Treaty, and the subsequent recognition of the parties of the sectors, an “important stimulus” to social dialogue in the sector. This triggered in-depth discussions which led to the adoption of “internal regulations on mandates and powers” in the EFBWW (Congress Report 1995); and this in turn gave it “a standing mandate to negotiate with European institutions, employer organisations and companies (to set up EWCs)” (Martin and Ross 1998a).

The employers’ organisation in the woodworking sector (CEI-BOIS) had previously been reluctant to social dialogue, referring to its status as an industrial lobby. Then, shortly after the Maastricht ratification, the CEI-BOIS drafted a joint text with EFBWW, setting out the frameworks and issues for future dialogue in the sector. This was regarded by the EFBWW as a major breakthrough.<sup>224</sup> Since then, series of meetings have been held, where issues like training and safety at the workplace, tropical timber and the problem of social dumping have been discussed, leading to adoption of a joint memorandum 17 June 1994 that formally confirmed the frameworks of future social dialogue.

Co-operation with employers in the furniture sector (UEA) “had a much more bumpy ride” and has subsequently been broken off. By contrast, the most advanced dialogue has perhaps evolved with the employers’ association in the building sector (FIEC). (Since the mid-1980s, FIEC has not followed UNICE meetings and has declared that UNICE no longer represents building employers.) Annual plenary meetings of the dialogue are organised “fairly regularly”; several large-scale conferences have been held in the sphere of vocational training, and health and safety at work. Joint views on the use of the Social Funds have been formulated and joint recommendations have been issued, most important perhaps being one concerning the draft directive on posting of workers (24 November 1993). In 1995, agreement was reached on setting up a joint European forum for vocational training in the building industry. However, employers are still reported to be “wary of co-operation being too intensive” (-

EFBWW Congress Report 1995: 39–41).

Among the reasons for the more positive developments here are, according to EFBWW representatives,<sup>225</sup> that employers by means of social dialogue have gained access to the Commission; also, that these sectors are subject to high mobility and tough cross-border competition (see also Baumann 1995, 1996: 325–26). Often associated with irregular practices and extensive social dumping, outcompeting serious domestic companies, this form a basis for joint employer–union interests in maintaining orderly conditions in the industries. Typically here is the German construction sector, which has been among the most severely affected by secondment of low-paid foreign workers: in spring 1996 agreement was reached on a nationwide minimum wage, which in line with new legislation adopted by the Bundestag, was extended to cover the whole sector. Accordingly, the German construction workers' union has been the leading advocate of stepping up European collective bargaining co-operation in this sector, and of common trade union action to push through claims (Baumann 1996: 326–28). President of the German IG Bau at the time even argued that the EFBWW has entered the path towards becoming a genuine European trade union.<sup>226</sup> As noted by Baumann, however, especially the Scandinavian affiliates are deeply sceptical of European-level collective bargaining, and this causes doubts about deepened integration also within the EFBWW (*ibid.*: 328).

Another European Industry Federation which has come quite far in developing sectoral dialogue is the CTWU–EC, associated with the International Transport Worker Federation. It organises workers in highly transnational, mobile sectors like road transport, civil aviation and railways, which are also areas subject to Community policy. Here an agreement was in 1996 reached on the application of the EU working time directive, reflecting the fact that these industries had formerly been excluded from the directive.

The greater dynamics of social dialogue in the sectors mentioned above, lends support to the argument put forward by various scholars (see e.g. Buda 1995, Traxler and Schmitter 1995, Keller 1996), that conditions for Europeanisation of industrial relations are best in sectors characterised by heavy trans-border competition and high mobility of production factors.

#### **10.3.4 Recent ETUC and Commission evaluations of sectoral social dialogue**

In a recent ETUC review of sectoral social dialogue it was argued that two specific causes of change have led to progress: the MSA and the EWC directive.<sup>227</sup> New Informal Working Groups have recently been established in the hotel, cafe and restaurant industry; in postal services; and in the graphical sector. A significant feature was still reported to be the high variation in employer structures: While the EIF of the farmworkers (EFA) faces only one employer association (COPA), the foodworkers' association (ECF–IUF) has to deal with 70 different organisations and the EMF has yet none to deal with.

Another perennial problem was "the lack of political will on the part of employers to negotiate binding agreements. That results in the lack of mandate, which is often cited as the cause whereas in actual fact it is the consequence" (ETUC 16.2.1996).

As to the content of sectoral dialogue, certain core themes tend to occur in all sectors, notably employment, vocational and continued training (new technologies), working time, flexibility and part-time work. Other frequent issues are the situation of women, and health and safety. Specific sectoral problems also occupy a central role, for instance social clauses in trade agreements (textile sector); a ban on child labour (shoes and commerce); illegal work and moonlighting (agriculture and foodstuffs); posting of workers (building).

Recalling the decisive role of the Commission in facilitating sectoral dialogue, the ETUC states that "we have recently noted a vagueness and even certain shortcomings in the attitude of the DG-V (which) has led to weaker social dialogue" (*ibid.*). Discussing the document in the ETUC Executive Committee on 6-7 June 1996, Jan Cremers from the EFBWW and Bernadette Tesch-Segol from EURO-FIET urged stronger criticism of the Commission's lack of political commitment to sectoral social dialogue: "Only the DG V was active, while the other DGs were manifestly not taking social dialogues seriously."<sup>228</sup> Another ETUC document drew attention to the separation of economic and social policy of the Commission:

"This separation has particularly negative consequences at sectoral level, since the DGs in question either know nothing about each other or, worse, intentionally refuse to link industrial problems to social problems. (...) DG V, which has overall responsibility for social policy, should have competences across the board, so that all Community initiatives, regardless of the DG in charge of them, can be analysed in terms of the social consequences and their impact, above all, on employment. Consultations on sectoral and/or industrial policy problems should be conducted jointly by DG V and the competent DGs, using a rota system for their chair."<sup>229</sup>

Similarly, the Commission, in its 1996 Communication on social dialogue, tabled a critical assessment of sectoral dialogue (Com(96)448). It criticised the "tendency (...) to become over-institutionalised or to preserve structures which have outlived their usefulness", representing a "heavy budgetary and administrative burden" (point 33), while delivering very feeble results.<sup>230</sup> Also highlighted were the weak diffusion of results and the "very little linkages between sectors or with the interprofessional dialogue". The Commission accordingly suggested that "more substance could be given to the social dialogue at sectoral level by focusing it on strategic issues and sectors" (point 36), indicating a reduction of the number of Joint Committees and the establishment of a common forum for information and consultation including also cross-sectoral actors. The credo of the Commission Communication seemed to be to pursue a rationalisation of sectoral dialogue: A study of the representativeness of the sectoral social partners would be undertaken; "in order to ensure efficiency the number of members in the Joint Committees should be reduced"; and operational reforms were signalled, aimed at reducing infrastructure costs, translation, and increasing flexibility. Most important, perhaps, was that the Commission committed the directorates-General to "sectoral consultations during the preparatory stage of Commission initiatives" and proposed to strengthen co-ordination and reduce compartmentalisation within the Commission itself. It was proposed to transfer some duties connected with the sectoral dialogue "from DG V to the other relevant sectoral DGs", while DG V would retain "responsibility for co-ordination of dia-



logue on social policy and for monitoring the effectiveness of social dialogue and its input to employment policies" (point 38).

The Commission analysis evidently addressed important shortcomings of sectoral social dialogue. Whether the proposed reforms will improve the situation (if indeed they are implemented) remains to be seen; but the quest for clearer focus, common priorities, closer ties with industry DGs and better links between sectoral and inter-sectoral actors seemed well justified and partly in line with trade union criticism. It seems plausible that the Commission has wished to trigger a reconfiguration of social dialogue actors, especially on the employer side, perhaps facilitating better representation of sectoral interests also in the inter-sectoral dialogue. If UNICE agreed to the inclusion of new employer associations, potentially leading to closer ties between sectoral actors and UNICE, this would represent a step towards the creation of a more integrated structure of interest representation at the European level. However, as emphasised by Keller (1996) and Strøby Jensen (1995), among others, UNICE has persistently opposed such a development.

Although the Commission proposals to some extent alluded to trade union criticism, the quest for rationalisation was by several EIFs received as a provocation. In their view, a transfer of responsibility to the sectoral DGs, who had thus far shown no interest in social dialogue, could serve to undermine sectoral dialogue. Therefore they wanted the ETUC to launch vigorous opposition.<sup>231</sup> Some of the EIFs, however, believed the ETUC Secretariat had tacitly consented to the proposal beforehand, reflecting a suspicion that the Secretariat felt comfortable with a greater concentration on central-level dialogue. The delicacy of the issue was accentuated by the fact that it was well known that a previous version of the Commission document had gone even further, virtually wiping out sectoral dialogue.<sup>232</sup> According to Emilio Gabaglio of the ETUC, the Secretariat had played a decisive role in blocking this more far-reaching proposal, however.<sup>233</sup>

At any rate, this controversy clearly demonstrated that severe tension had emerged between the EIFs and the ETUC as to their respective roles and competences in developing European social dialogue and negotiations. (This issue is discussed in more detail in chapter 11.)

### **10.3.5 Assessment and prospects for sectoral social dialogue**

Even though a certain amount of progress can be observed in some industries, there can be no doubt that the sectoral social dialogue has played a marginal role in the development of EU social and industrial policies. Judged against the strategic aim of the ETUC – that the sectoral union organisations (EIFs) should become vanguards of developing cross-border European collective bargaining – developments in recent years fall very short: "Le dialogue social sectoriel est particulièrement méconnu sinon ignoré. Il faut admettre qu'il est largement virtuel et que dans de nombreux secteurs, le patronat n'entend pas se structurer en réel partenaire social" (Pochet 1996: 9).

Nevertheless, central actors and analysts continue to promulgate the view that "sectoral social dialogue offers the greatest potential for development of the dialogue at Community

level as this is the level where the economic and social challenges lie (...)" (Flynn 1997b: 3). Similarly, Martin and Ross (1998b) suggest that "the ETUC should scrap any illusion about transforming intersectoral social dialogue, under the Social Protocol or not, into European collective bargaining and concentrate on bringing the latter about by supporting the EIFs quest to turn sectoral social dialogue into collective bargaining."

As we have seen in this section, significant obstacles remain. Since most industry-level business associations have refused to constitute themselves as employer interlocutors of the EIFs, the sectoral dialogue has been dependent on the instigating role of the Commission DG V. It exists mainly in industries with common Community policies or programmes, covering not more than roughly 20 percent of the employed.<sup>234</sup> In core sectors of the European economy, such as the metal and chemical industries, social dialogue has hardly existed, even though recent developments in the metal sectors may signal some change. The difficulties of sectoral dialogue also reflect the circumstance that the sectoral organisations cover such a heterogeneous set of branches and activities, varying also among countries, that meaningful interest intermediation is extremely complicated (Buda 1995: 210). Moreover, in the industries where social dialogue does exist, it has been restrained by the compartmentalisation of the Commission. The DGs responsible for particular industries or policy areas have, on the whole, not been interested and/or involved, which has meant that the social partners have been restricted to dealing with the DG V responsible for social affairs. Since Community social policy has been oriented towards cross-sectoral issues, the DG V has commanded only feeble means to encourage sectoral dialogue. The strengthened regulatory capacity of the Community provided at Maastricht has therefore not benefited sectoral dialogue, in effect implying a shift of Commission focus in favour of the inter-sectoral social dialogue (Martin 1995).

Although these obstacles can be viewed as structural constraints, Martin (1995) has suggested that the failure to develop sectoral dialogue reflects strategic choices of the Commission and the ETUC (fitting also the agenda of UNICE) to give greater priority to the central and company level of social dialogue (EWCs). That financial support has come from the joint Commission and European Parliament to the EIF's efforts at developing voluntary European Works Councils from 1991, actually quadrupling the budgets of the largest private sector EIFs, has underpinned such an interpretation (*ibid.*). Reinforcing the "dual shift" of industrial relations, this has left the sectoral level of European industrial relations in limbo. It is indeed difficult to determine to which extent the deadlock of sectoral dialogue has been a product of structural constraints, deliberate strategic choices, or unintended side-effects of pursued policies. To me, however, it seems that the structural barriers have been most important, notably that European employers' associations deliberately have resisted the development of sectoral relations which could lead to anything resembling European sector-bargaining.

Clearly, the Commission could have done more to induce employers into sectoral dialogue – for example, by making access to Community decision-making, industrial policies, regional

development funds etc. contingent on participation in social dialogue (Martin and Ross 1998a). But as long as most of the employers' associations have maintained their obstructionist stance, and most of the EIFs have been weakly organised and lacked force to compel employers into binding European exchange (Keller 1996: 217), it is hard to conceive that strategic choices of the ETUC and the Commission have played any decisive role. As emphasised by several representatives of the European union industry federation in this section, national industry unions have been reluctant to engage in attempts at co-ordinating union policies and collective bargaining on a European scale. This reflects lack of organisational capacity, but also conflicts of interests between trade unions from "richer" and "poorer" countries, and the desire of stronger unions to preserve their role in national bargaining (Buda 1995: 301). Much of this is indeed also true for the inter-sectoral level, but in that case the Community has at its command legislative means to compel employers – a point that suggests that political pressure is indispensable for prompting the evolution of industrial relations at the European level. Besides, as shown, inter-sectoral negotiations generally concern less controversial framework minimum standards and not substantial issues of collective bargaining such as pay and working time, which employers presumably fear would become a topic if sectoral negotiations were to gain momentum.

To the extent that employers in some sectors have engaged themselves in social dialogue, this would seem to have been less motivated by genuine interest than by the objective of gaining legitimacy and improving employers' ability to pursue lobbying in related Community policy fields. Apart from sectors where employers have been opposed to UNICE, as in commerce and cleaning, either strong Community competences in issues of industrial policy (like in coal and steel and agriculture); very internationalised competition (like telecommunication, transport and to some extent construction); or high dependence on Community trade policies (like in the textiles industries where the parties share protectionist interests)<sup>235</sup> seem to be essential prerequisites for sectoral social dialogue to attain any significance (Keller 1996: 221).

An additional impetus to sectoral dialogue in the future can, as suggested by the parental leave case, be expected as a spin-off from peak-level social partner agreements, reflecting that some sectoral employers' associations feel misrepresented in the central dialogue and therefore want to prove their credibility as social partners. If such ancillary bargaining evolves, it might set precedents that unleash new dynamics, most likely in the service and the construction sectors, possibly also strengthening pressures on UNICE to engage in a reconfiguration of the relations between the employers' organisations at European level. In contrast to the "dual shift" thesis of Martin (1995), such prospects might suggest that the evolution of top-level social dialogue actually can enhance development of European industrial relations at sectoral level in line with a concept of articulated negotiations. In view of the limited scope for "negotiated legislation" at the central level, however, the effects of such top-down dynamics will presumably remain modest.

Greater potential for evolution of sectoral social dialogue has, as pointed out by several EIF

representatives, been expected to flow from the bottom–up development of European Works Councils and the EIFs' efforts at creating trade union networks in transnational companies. In the view of the EIFs, this may increase pressure on the industry business associations to take on the responsibility to act as social partners of their sectors, which might, it is hoped, open avenues for development of more substantial industrial relations at sectoral European level. The recent rapprochement between the parties of the European metal sectors may lend some support to such expectations. If so, the combined development of labour-management relations at both the peak European level and the decentralised company level may – in contrast to the “dual shift”-thesis – in the longer run create bridges for constructing a more comprehensive framework for evolution of a multi-tiered European system of industrial relations. Such a scenario would, however, require a significant strengthening of the trade union structures at sectoral level (the EIFs).

## **10.4 European Works Councils and social dialogue at Euro-company level**

### **10.4.1 Introduction**

The ETUC hailed the adoption of the European Works Councils directive in 1994 as “a major breakthrough for the European trade union movement”,<sup>236</sup> opening up a “unique opportunity” for it, while also presenting it with the “tremendous challenge” involved in making the most of that opportunity (Martin and Ross 1998b). The EWC directive established an important stepping stone for the bottom–up build-up of transnational trade union networks and labour-management relations (Turner 1995: 333). With roots back in the late 1960s, when trade unions campaigned for the establishment of “World Company Councils” (Levinson 1972), more than a quarter-century of trade union struggle now seemed crowned with success (Danis and Hoffmann 1995: 181). This fuelled ETUC expectations of a new impetus to the Europeanisation of trade unions and industrial relations:

“There is no reason not to trumpet the adoption of the directive on European Works Councils as a major step forward, a step towards the democratization of the economy. This development will make itself felt in four areas: company relocation, information policy, contacts between employees' representatives and Social Dialogue.” (ETUC/Buschak 1995: 3)

As in the case of the Maastricht Social Agreement, however, the practical and strategic challenges involving in implementing of the new provisions gave rise to very divergent interpretations. While many trade union actors hoped that the EWCs would encourage development of transnational collective bargaining relations – the exact reason why UNICE opposed this measure so strongly – “Euro-pessimistic” scholars saw the EWC directive as a new step

towards establishment of "neo-voluntaristic" industrial relations in Europe, prompting further decentralisation and erosion of national collective bargaining (Streeck 1995a, 1997, Keller 1995b).

This section will provide a brief review of recent years' development at the transnational company level and central issues of recent research on the topic. Section 10.4.2 briefly addresses the Europeanisation of company strategies; section 10.4.3 reviews main findings of recent research on the evolution of European Works Councils; and section 10.4.4 discusses possible implications of the emerging EWCs for national industrial relations and the development of transnational trade union strategies.<sup>237</sup>

#### **10.4.2 Europeanisation of company strategies**

One of the most significant features of European industrial relations over the past decade has been the growing importance of transnational companies (TNCs). On a global scale, the rate of annual foreign direct investment (FDI) more than quadrupled from the late 1970s to the late 1980s (Martin 1996: 4). According to United Nations statistics, there are today about 37,000 TNCs, with more than 206,000 subsidiaries, controlling about one-third of world output (UNCTAD 1994, in Schulten 1996a: 304). Most TNCs have developed an "integrated international production system": this means that "any affiliate operating in any foreign location potentially performs functions for the TNC as a whole or in close interaction with other affiliates on the basis of a sophisticated intra-firm division of labour" (UNCTAD 1993: 158, in Schulten 1996a).

The frequent references to trends of globalisation conceal, however, the fact that the growth of inward FDI and transnationally integrated production systems in recent decades has been concentrated in North America, East Asia and Western Europe, and has taken place largely on an intra-regional level (Schulten 1996a: 305). As pointed out by Marginson and Sisson (1994: 16), "nowhere is the transformation more evident than in western Europe", where the creation of the single European market "has encouraged large companies to reposition themselves on a Europe-wide footing." This process has been accompanied by a wave of acquisitions, mergers, joint ventures and strategic alliances across the continent, often complemented by new forms of strategic control over formally independent organisations through licensing, franchising and subcontracting.

Internally, the Europeanisation of company strategies has resulted in widespread restructuring and rationalisation. This is reflected in the creation or strengthening of European-level management structures able to integrate production, distribution and marketing across Europe – and conversely in the devolution of operational responsibility and financial accountability to individual business units within organisations (*ibid.*: 16). In the view of Marginson and Sisson, the development of new modes of corporate governance and control has provided the emerging "Euro-companies with the strategic potential to establish a pan-European approach to employee and industrial relations management" (*ibid.*: 25) and to "develop organisation-based systems of employment (...) which are genuinely transnational in

nature" (Marginson and Sisson 1996b: 6).

Through company networks, based on modern information and communication technology, data on labour performance, unit costs, productivity etc., can routinely be compared between individual subsidiaries. This makes it possible for central management to reward or punish individual sites with investment decisions, and, by threatening to do so, achieve concessions on working practices and conditions from workforces in different localities (Mueller and Purcell 1992). By setting in motion a "domino effect", this dynamics can prompt a negative convergence of labour relations and social regulation in TNCs (Schulten 1996a: 308). Alternatively, the search for more productive and innovative models of production can also bring about more positive forms of convergence, in line with a "best practice" approach (ibid.: 308). Intra-firm transfers of information, knowhow, technology and personnel, provide opportunities to enhance "cross-border learning effects" and improve organisational structures. Thus, more and more TNCs are reported to have put in place management systems and structures to diffuse best examples of working and employment practice across sites in different European countries (Coller 1996).<sup>238</sup>

In practice, the inducement of "best practices" seems to be combined with the coercive policy of "punish and reward", however, providing companies with powerful tools to discipline the bargaining behaviour of local management and workforces. Even though the central parameters of the corporate framework have become transnational in scope, employers have been reluctant to establish concomitant bargaining arrangements at the Euro-company level (Marginson and Sisson 1996b: 6). In view of the tendency to replace territorially based production structures with transnationally integrated product-chains (often on a regional/European scale) – hereby increasing cross-national interdependencies between production units and encouraging comparison of cost structures, common strategies for development of training, human resources and corporate cultures – the question is whether the TNCs will be able to resist a gradual rapprochement of bargaining policies as well. This all the more since integration of production across borders may increase unions' bargaining power by enhancing their ability to disrupt production (Martin and Ross 1998b).

In several countries it has been reported that TNCs have tended to withdraw from, or try to insulate themselves against, the effects of national multi-employer bargaining, combined with increased emphasis on decentralised negotiations (Marginson and Sisson 1994: 27).<sup>239</sup> If such tendencies gain strength, they will indeed represent a significant change in most national systems of industrial relations in Europe. From the late 1980s, the question whether company-based, transnational systems of industrial relations were emerging was accentuated by the voluntary development of structures for information and consultation (European Works Councils) in several (predominantly) French and German TNCs (Gold and Hall 1992). The negotiated establishment of quite advanced transnational works councils in companies like Volkswagen and the French Thomson and BSN (now Danone), encouraged trade union perceptions that Europeanisation of employee representation in TNCs was conducive to employer interests in managing company restructuring (ETUC/Buschak 1995: 3). From a

trade union perspective, such structures seemed a necessary complement to national systems of employee participation, primarily to avoid being played off in cases of relocation, but the EWCs were also considered useful for gaining access to (and exchanging) information which could be used in national bargaining and co-ordination of union policies across the borders. However, the idea that such structures should involve in collective bargaining over pay and other core issues of industrial relations was contested – both because it could become a threat to centralised, national bargaining systems and because it could accentuate conflicting interests between workers of subsidiaries in different countries (Dølvik 1995: 228).

The increased focus on the emerging “Euro-companies” as a “new” challenge to trade unions, entails, however, a risk of exaggerating their overall impact. Transnational actors have indeed become more important in influencing industrial relations, but TNCs are far from a new phenomenon; moreover, the vast majority of workers are still employed in small and medium-sized companies, predominantly operating within national markets. According to a rough estimate made by Martin and Ross (1998b), less than 10 percent of the EU/EEA workforce is employed in companies covered by the EWC directive.<sup>240</sup> Moreover, the prevalence of large TNCs varies significantly between West European countries. According to a study by Sisson et al. (1992), the parent companies of the majority of TNCs were located in the four largest EU states, while only a few were located in, for example, Italy, Portugal or Greece.<sup>241</sup> The share of domestic employment accounted for by overseas-owned companies ranged from 5 percent or less in Denmark, Italy, the Netherlands and Sweden, to 10 percent or more in Austria, France, Germany and the UK (Marginson and Sisson 1994: 18–22). Furthermore, “non-manufacturing” activities (including such as services, construction, energy and water), outnumbered manufacturing companies by two to one. Since non-manufacturing activities usually have to be provided on site, the scope for relocation and employer “whip-saw” tactics is more limited in these sectors.

#### **10.4.3 The European Works Council directive, and voluntary information and consultation agreements**

The structure and content of the EWC directive have been thoroughly described by several scholars.<sup>242</sup> Suffice it here to review the main provisions.

The officially entitled “Council directive on the establishment of a European Works Council or a procedure in Community-scale undertakings and Community-scale groups for the purpose of informing and consulting employees”<sup>243</sup> does not specify a single uniform model. Instead, it allows “representatives of employees and the management of the undertaking (...) to determine by agreement the nature, composition, the function, mode of operation, procedures and financial resources of European Works Councils”. The social actors within each TNC thus enjoy great freedom to negotiate whatever kind of EWC they want. They may also agree not to establish any form of EWC, or may adopt another procedure on information and consultation (Schulten 1996a: 310). Moreover, the provisions do not apply to undertakings in which agreements on consultation and information covering the entire workforce have been

signed before the directive came into force (22 September 1996). Thus, “the directive is written in the spirit of subsidiarity, flexibility, consensus and effectiveness” (Flynn 1996).

However, if the social actors fail to reach agreement within a period of three years, the “subsidiarity requirements” of the directive will automatically come into force. These define a minimum standard model, involving establishment of an EWC with at least three and at most 30 members, including at least one employee representative from every EU/EEA state in which the company operates (so far excluding the UK). The EWC is to meet at least once a year with the central management to exchange information and consultation on such issues as economic, financial, structural and social developments affecting employees in more than one country (Schulten 1996a: 311). If “exceptional circumstances” occur – for example, “in the event of reallocations, the closure of establishments (...) or collective redundancies” – there should be “as soon as possible” and extra ad hoc meeting, where employees must be consulted. This extra meeting shall, however, “not affect the prerogatives of the central management”, implying that the employee representatives have no rights to block management decisions. Prior to the obligatory annual meeting, employee representatives have the right to come together without the presence of management (*ibid.*: 311).

Even though the EWC directive only provides minimum requirements, it seems from the transposition of the directive into national law that no country has chosen to install stricter participation rights for the foreign workforces of home-country TNCs (Streeck 1997). This would indicate that the EWC directive provides for a dual system of employee participation in TNCs. The normally stronger national systems persist for the workforce of the company home-country, while the weaker form of information and consultation rights in the EWC applies for the workforces of the foreign subsidiaries (*ibid.*: 21). Thus a common European floor of minimum information and consultation rights will be created in subsidiaries of TNCs, regardless of home country, existing alongside a diversity of national systems of participation in company home-countries.

According to a study of the ETUI (1995) around 1150 companies will be covered by the directive, employing in total 13.5 million employees. An estimate made by Martin and Ross (1998a) suggests the figure is somewhat greater, representing roughly 16.5 million employees or 10 percent of the EU/EEA workforce. In addition come more than 300 UK companies (Marginson and Sisson 1994: 18), which can be expected to become included after the change of British government (spring 1997). Estimates suggest that on average nearly thirty workers’ representatives will be included in the EWCs; this means that there will be some 36,000 employees meeting colleagues from elsewhere in Europe at least once a year (Rivest 1996: 236). In addition come perhaps more than 6,000 UK employee representatives.<sup>244</sup> Since UK workers today have no such rights of participation, the implementation of the EWC directive will as a byproduct presumably necessitate establishment of national information and consultation structures in the UK (Gold 1992).

At the time when the directive came into force (autumn 1996) 400 voluntary agreements had been signed (Flynn 1997b). Even though these agreements did not have to comply with



the requirements of the directive, the actors' knowledge of the directive (and possibility of waiting for it to be implemented) suggest that these voluntary agreements may give a rough indication of the type of arrangements that are evolving.<sup>245</sup> The nature of previous voluntary agreements and practices has been analysed by several scholars (see e.g. Hall et al. 1995; Schulten 1996a; Rivest 1996; Krieger and Bonneton 1995; Bonneton et al. 1996, EIRR 273/1996). The scope of these studies varied from 50–60 to 111 companies (EIRR 273/1996) – the latter thus representing one-tenth of the TNC population covered by the directive. The company studies exhibited a great diversity of arrangements, but also clear common features (EIRR 273/1996, Rivest 1996: 244, Bonneton et al. 1996: 40). Most agreements had evolved in the sectors of chemical, construction, food and metal industries. Whereas the majority of agreements were found in French and German companies, also companies of British, Nordic and other national origins were represented, but not the Netherlands (Rivest 1996: 239). Significantly, the proportion of British companies meeting the criteria which had voluntary agreements was 16 percent: this was higher than those based anywhere else, except in France (where it was also 16 percent) (Martin and Ross 1998b). As to signatory parties to the agreements, national trade unions formed the majority on the employee side (47 percent), but European industry federations were co-signatories of a substantial share (44 percent). Works councils of the mother company were part of roughly one-fourth, while unspecified “employee” representatives appeared in a limited number of agreements (16 percent) (Rivest 1996: 242). Thus, despite some striking exceptions in companies like BP Oil Europe, Honda and Pepsi, no confirmation was found for the concern that voluntary EWCs would enhance management strategies to bypass trade unions and evade established national forms of representation. According to Bonneton et al. (1996: 26), the vast majority of workers' representatives are nominated by trade unions or elected in accordance with established national practice<sup>246</sup> while as much as 84 percent of the agreements explicitly allow for external experts to be invited by the employee representatives. Striking is also the representation of the European industry federations and national union officials – being full EWC members in 22 percent, observers in 9 percent, and listed invitees in 21 percent. This illustrates these bodies' active promotion of EWCs in recent years (Martin and Ross 1998b). The EIFs staged almost 500 meetings in 290 companies during the years 1991–94, the great majority funded under the budgetline B3–4004, provided by the Commission and the European Parliament (Fulton 1995: 232). So, even though the EIFs have had difficulties in developing sectoral social dialogue, they have evidently taken on a central role in promoting Europeanisation of unionism at the transnational company level.<sup>247</sup>

Although the structures of the voluntary arrangements exhibit great variation, a significant majority seem to conform with the French pattern of joint management and employee committees, rather than being bodies of employee representatives only (like the German *Konzernbetriebsrat*) (Schulten 1996a: 313). As in the minimum requirements of the directive, most of the agreements cover the entire workforce and provide for annual meetings, preparatory employee meetings, and extra meetings in extraordinary situations, paid by the compa-

nies (Bonneton et al. 1996).

With respect to function and competences, the existing EWCs are typically envisaged to provide group-level corporate information to employee representatives and “social dialogue”, that is, discussion or the exchange of views between group-level management and employee representatives on economic, financial, social and employment matters, etc. (ibid.: 30). Issues pertaining to lower levels, relating to a single country or subsidiary, are commonly excluded. Some agreements, like those of Electrolux and Norsk Hydro, explicitly exclude pay issues (ibid.: 31). Consultation procedures are usually vague and unspecified, but in some cases specific provisions are made for the EWC or employee-side to deliver opinions or recommendations to management. In the case of Volkswagen, the EWC has an explicit right to comment on planned cross-border transfers of production, and to trigger consultations with management (Stützel 1996). Very few agreements seem limited to exchange of information only; on the other hand, very few agreements explicitly formalise the right of early consultation in cases of important impending decisions (Krieger and Bonneton 1995: 198–9).

So far, most studies have focused on the formal structures of existing arrangements. Only limited research has been done on the actual content and dynamic of the EWCs and the preparatory employee meetings. Fulton’s study (1995) on experiences with trade union meetings organised by the EICs, however, reports that comparisons of pay, pensions, working conditions and employment practice were a prominent feature of the exchanges. In many companies, the annual EWC meetings are reported to be fairly ritualistic exercises, but in other companies more advanced forms of transnational management–labour relations have evolved. The most notable example is probably the French food corporation Danone, where a European industrial relations forum has existed since 1986 (Schulten 1996a: 316). Since then, the co-operation between central management and employee representatives has developed quite intensively, including the adoption of four “European framework agreements” on issues of training, womens’ equality, basic information rights for employees and trade union rights in every Danone subsidiary. In these agreements general objectives are defined at the European level, while implementation is to take place at national or local level, depending on the particular circumstances in each company and country. Danone would thus seem to be the first case of a move towards a company-specific “European collective bargaining system” (ibid.: 317), based on articulation involving European, national and local bargaining.

In some cases where the central management had previously opposed any kind of European-level industrial relations framework – for example, Digital Equipment and Unilever – employee representatives with the support of European industry federations have nevertheless managed to build up comprehensive and effective autonomous European co-operation networks (Schulten 1996 a: 317).

Altogether, despite the diversity of arrangements evolving in European TNCs, it would seem that the typical EWC by and large conforms with the minimum requirements of the EWC directive. The emerging formal structures generally allow for a fairly modest form of information and consultation rights to the entire European workforce, alongside existing (stronger)

national systems of worker representation. Whether the EWCs will remain shallow structures, or will trigger a broader dynamics towards Europeanisation of company industrial relations, will hinge on the ability of the employee side and the trade unions to exploit the new opportunities to establish autonomous networks and co-operation structures to counterbalance the superior power of management. This will, in turn, be crucially dependent on how committed the workforces of the company home-country are to sharing information and involving representatives of the foreign workforces in their running exchange with headquarters management.

#### **10.4.4 EWCs and the implications for Europeanisation of collective bargaining**

Divergent interpretations have been offered for the EWC directive and the associated evolution of voluntary information and consultation arrangements in TNCs. To "Euro-pessimistic" observers, the EWC directive represents yet another step towards a weak, voluntarist European system of industrial relations, likely to reinforce regime competition and erosion of national representation rights (Streeck 1997). Less dismissive observers have focused on the evolutionary potentials of the EWCs as possible stepping stones for co-ordination of trade union policies and collective bargaining within TNCs (Marginson and Sisson 1996a, b, Martin and Ross 1998a, b).<sup>248</sup>

The "Euro-pessimistic" interpretation sees the directive as "extremely modest" in its ambitions, merely implying minimal European information rights.<sup>249</sup> Moreover, in the view of Streeck, it is a prototype example of the inadequate, emerging mode of Community social regulation:

"Indeed in the euphemistic language that has spread from the Commission to large parts of the community of students of European integration (see Hall 1992), the Directive is depicted as model of the new European Union virtues of decentralization, subsidiarity, respect for national and cultural differences, and an intelligent use of legal patchworking techniques for creating a diverse, pluralistic, non-statist and even post-Hobbesian social order." (Streeck 1997: 18)

By failing to harmonise (upwards) employee representation rights and by opening the door to contractual voluntarism, Streeck sees the directive as promoting "a co-ordinated patchwork of national citizenship regimes as an alternative to unified citizenship in a supranational state" (ibid.: 21). Even though the directive remains competitively neutral, national rights are still exposed to competitive pressure – as before, I would add – and accommodation of the "coexistence between national and supranational participation rights, is, again, left to national legislation and to the voluntarism of the marketplace" (ibid.: 21). Owing also to the asymmetric strength and participation rights of the workforces in the company home-country and in the foreign subsidiaries, workers' access to participation will continue to be highly unequal in different countries, sectors and companies. Accordingly, "to the extent that works councils are institutions of industrial citizenship bringing non-competitive 'social' interests to

bear on managerial decision-making, the mostly voluntary European works councils are works councils only in name", is Streeck's verdict (1997: 22).

The failure to establish universal participation rights, furthermore, implies that companies with headquarters in countries with stringent rights of workers' representation will persistently be tempted to exit national jurisdictions, or, by threatening to do so, erode national regulations, in consequence reproducing a downward convergence, "likely to weaken all regimes, beginning at the top and continuing down to the bottom" (Streeck 1997: 30). Furthermore, says Streeck, such a dynamic can be expected to be underpinned by management efforts to transfer substance from strong national to weak multinational participation which may meet with the support of non-domestic workforces. "By siding with central management, foreign workforces may thus be able to improve their access to information, at the expense of the national workforces's access to consultation and co-determination" (ibid.: 27). In particular, Streeck is concerned that sooner or later conflict will evolve between the voluntarism of the European participation regime and "the uniquely German distinction between legally based workplace participation and collective bargaining":

"Such a conflict would become acute if European works councils were to turn into vehicles of some sort of European collective bargaining, dealing with subjects that in Germany are regulated by industrial agreement. This, of course, is exactly the future that unions in other European countries would find attractive" (Streeck 1997: 29)

Streeck assesses the EWC directive with reference to the preferred alternative of a harmonised supranational system of universal industrial citizenship, comparable with the German model of "*Mitbestimmung*" (ibid.: 19, 29). By contrast, proponents of more optimistic interpretations tend to assess the EWCs with reference to the previously existing situation – one in which trade union demands had been blocked for two decades and no transnational rights of employee representation existed whatsoever. In some countries, like the UK, even national rights of company representation were non-existent. Compared to such a situation, the EWC directive represents a notable improvement and can hardly be regarded as a weakening of national participation systems, a fact which should not be overlooked. Actually, the EWC directive is the first example ever where international law recognises the right of workers' representation beyond national borders. In some companies, like Volkswagen and the ISS, the EWC has also taken initiatives to extend the scope by including the workforces outside the EU/EEA countries (Stützel 1996, Berg 1995). Management can, of course, exploit the EWC to try to play workers off against each other, as they have done unchecked for decades; but with the directive there is also the possibility that workers' representatives can use the new frameworks to improve their co-ordinating capacity, so as to counteract such tactics.

Streeck is indeed correct in pointing out that the provisions of the EWC directive are modest. It fails to guarantee proper information and consultation rights, but it does provide the workforces and the unions with new opportunities to work in that direction. By seeing industrial citizenship as an institutional condition of negotiations between employers and work-

forces, not their result (Streeck 1997: 21) – and by regarding negotiations over basic participation rights as undesired “voluntarism” – Streeck seems to ignore the fact that in many countries (for instance, Norway and the other Nordic countries) workers’ rights of participation in corporate groups have in fact evolved through voluntary (company) negotiations and have been founded in (the basic) collective agreements (Berg et al. 1997: 43). Through long-term union struggle and collective bargaining, participation rights have thus been achieved step-wise, and have gradually been extended and complemented by statutory legislation. Although this is very different from the distinction made in the German model between statutory rights of employee representation and collective bargaining, it might suggest that a similar interplay between voluntary agreements and legal regulation cannot a priori be ruled out at the transnational level either.<sup>250</sup> Thus, even though a distinction between a “regulation” approach to Europeanisation of industrial relations in TNCs and a “voluntarist” approach can be identified, these two perspectives should not be seen as clear-cut alternatives (Marginson and Sisson 1996a: 182).

At the transnational level, the obstacles to a voluntary development are indeed far greater and the asymmetry of power between capital and labour is much stronger than at the national level, but, as suggested by the Danone case, EWCs might serve as a point of departure for improving the conditions for trade union struggle for gradual extension of participation rights and labour–management relations in TNCs. As suggested by Mark Hall, “many have made hesitant first steps but once they are up and running they will have a dynamics of their own” (*Financial Times* 19.6.1995). It is in this perspective that the European trade unions have welcomed the EWC directive, which has spurred intensified efforts to develop trade union networks and structures for the exchange of information and co-ordination of policies within TNCs. The barriers stemming from the diversity of national structures of industrial relations and trade unionism, not to mention language, are considerable; however, several studies indicate that the employee representatives perceive the opportunities of establishing contacts with colleagues and exchanging information on issues like pay and working conditions as useful in their national work (Fulton 1995, Berg et al. 1997). Further, in several companies it has recently been reported that joint texts have been adopted on the exercise of trade union rights and equal opportunities (Accor and Nestle); that agreements have been signed, providing explicit scope for the EWC to draw up joint texts on a range of employment and social policy matters (Sara Lee Group); and that steps have been taken towards discussing a company minimum wage (the Bouygues construction group) (Marginson and Sisson 1996b: 10).

Issues of collective bargaining are excluded from the agenda of the EWCs. However, in the view of Marginson and Sisson, they are likely to stimulate the deployment of cross-country comparisons in collective bargaining within the enterprise, both by providing the workforces with opportunities for pressuring management to outline key elements of their business plans, and by enabling unions to come together on a regular basis. In response, there are also prospects of greater intervention from international management, to co-ordinate manage-

ment initiatives and stances in collective bargaining in the different subsidiaries and businesses, in order to hinder trade unions in exploiting damaging precedents at sites across the enterprise (Marginson and Sisson 1996b: 10–11):

“The overall effect of this ‘arms-lengths’ bargaining, in which the parties do not formally negotiate at the European level, but in which they influence and anticipate the reactions of each others, could be a growing convergence in working practice and employment conditions from one European country to another.”

Although such nascent forms of European-level collective bargaining are considered unlikely to lead to European collective agreements on pay and other substantive conditions being concluded in the immediate future, they are creating “what might best be described in a double sense as ‘virtual collective bargaining’ at the European level” (*ibid.*: 11). Marginson and Sisson envisage such virtual bargaining both in the form of framework agreements, as in Danone, establishing parameters and objectives for lower level bargaining, and in the form of “arms-length” bargaining. While such dynamics are less likely to gain strength in companies with diversified production structures, companies with highly integrated production chains are considered more vulnerable to union pressure for comparison of pay and working conditions: “At this point, and amongst certain companies only, it becomes possible to foresee the process of virtual collective bargaining at European level becoming transformed into genuine Eurocompany structures for collective bargaining over pay and working conditions” (*ibid.*: 13).

Thus, it seems unlikely that the emergence of European-level collective bargaining will develop through a set of uniform or formal arrangements. Rather, it may be expected to take the form of “increasing differentiation within national systems, together with a plurality of points of convergence across individual sectors and within multinational enterprises, likely to result in a patchwork of virtual arrangements for collective bargaining at European level” (Marginson and Sisson 1996b: 13).

A further aspect of the Europeanisation of industrial relations in TNCs which might be enhanced by the establishment of EWCs, is that cross-national networks and contacts between employee representatives tend to intensify in situations of major cross-national restructuring, relocations, etc. There are indeed spectacular examples, both at the national and the European level, where such situations have caused bitter intra-union conflicts and competition (as in the Hoover case) – but there are also examples where accelerated Europeanisation of trade union action has been able to evolve. As pointed out by a union representative of Ford Dagenham (UK), when Ford Europe in the early 1990s launched drastic plans to reduce production and manpower, the workforce representatives of the different sites in Europe co-ordinated their responses, and thereby actually managed to achieve joint direct negotiations with the central management on how to share the burden, instead of one-sidedly cutting jobs at the Dagenham plant.<sup>251</sup> Similar experiences were pointed out by a representative of the Belgian FGTB metal; for example, in Volkswagen the EWC had in 1992–93 been involved in burden-sharing of cuts, instead of shutting down a whole plant.<sup>252</sup> According

to the general secretary of the EWC in Volkswagen, Hans-Jürgen Uhl, the EWC has played an important role in promoting cross-border solidarity:

"In 1993, we built 600,000 fewer vehicles worldwide than in the previous years. This corresponds to the annual production of three plants the size of Emden or VW Brussels. A Belgian colleague said he was very glad he worked for VW and not for an American or French concern, which would have closed at least one or two plants. VW did not shut down even one, thanks to the joint co-operation of the trade unionists" (Uhl 1995, in Stützel 1996: 27).

During a pay dispute in autumn 1995, management proposed that the production stoppages in Germany could be made up for at other sites in Europe. This attempt at strike-breaking was averted, however, because trade unionists at the other European plants assured their colleagues that they would not compensate for the losses by working overtime (Stützel 1996: 28). Such examples might indicate that the EWC networks can be useful also in more substantial issues of trade union struggle.<sup>253</sup>

On the other hand, cross-cutting coalitions between the workforce and management at individual sites may inhibit the development of union solidarity, perhaps with the result that strategic information in the EWC context is withheld. As formulated by a respondent in the study of Fulton (1995: 244):

"I feel that getting unions from different companies is a very good idea, it gives you insight into the working of TNCs. The only problem I have is that there will always be things that would not be in our interest to pass on to other companies. Some of which could be used to help them poach our products".

Although the establishment of EWCs and employee networks does not in itself solve the problem of conflicting interests, unequal access to information, and asymmetric power between workforce representatives of the mother-company and the subsidiaries, it can improve the opportunities to reduce their impact. When employee representatives get to know each other better, can communicate regularly and build up mutual trust – while the EWC rules obliges consultation of representatives of the entire workforce before decisions with cross-national impact are taken – then it should become more difficult and less acceptable for headquarters unions to engage in strategic "cheating". It has also been suggested that trade unions can use the EWCs more proactively. Relatively better conditions at one or more sites could be used to demand the same at others, or a site where prospects were best might be targeted for some improvement which could then be used as a precedent in others, creating a kind of pattern bargaining across the TNC (Martin and Ross 1998b).

In the recent Renault case (March 1997), the company breach of the consultation rules of the EWC (and the EU collective redundancy directive) led to a transnational trade union response, including for the first time co-ordinated strike action. This would presumably have been more difficult to organise if contacts and structures for communication had not already been built up around the EWC of Renault. So, even if the directive provides very limited rights, the EWC can become a structure around which trade union co-operation can be organised, and pressure for extended management-labour relations can be exerted in time of crisis.

The existence of formal procedures, anchored in Community law, moreover implies that unions can more easily appeal to public authorities, build coalitions and put controversial issues on the public agenda. Typically, the Renault case was lifted to the level of national governments and the EU Council – even the Belgian King and the Catholic hierarchies were involved – improving union opportunities to exert political pressure on the company. The social partners were immediately called to meetings with the Commission and the EU presidency, which suggested a strengthening of the directive and clarification of the right to consultation in due time before any decision on relocation was to be taken (LO/SACO/TCO 8/97). The ETUC and UNICE also agreed to start social dialogue on a joint opinion, which, the ETUC hoped, could lead to a code of conduct or procedural guidelines for company relocations. A French court decision, ordering the Board of directors of Renault to meet with its EWC in a plenary session before proceeding with the decision-making process, was by the EMF (European Metalworkers' Federation) declared an "unprecedented and striking victory". According to the EMF, the verdict confirms that also "voluntary agreements come within the perspective of the national transposition of the European directive, it has to be interpreted in the spirit of the directive" (*Agence Europe* 16.5.1997). Despite the mobilisation of unions and allied political forces, production at the Vilvoorde plant of Renault has eventually been closed down.<sup>254</sup> Unless trade unions become informed and involved at a much earlier stage in company restructuring processes, it seems that relocations are extremely difficult to prevent.

Moreover, if trade unions are not able and willing to create independent patterns of counterbalancing co-operation, the EWCs can become a useful instrument for employers to promote company-centred strategies of human resource management (Schulten 1996a: 319), helping them loosen their ties with national industrial relations systems, especially those that try to bind them into obligatory sectoral or national bargaining (Streeck 1997: 29–30). In this perspective it is striking to note how differently Nordic, German and British actors perceive the prospect of Euro-bargaining in TNCs. From a British point of view such a development would not only be compatible with the decentralised structure of UK bargaining, it could become a lever for bolstering company-wide bargaining and workforce representation systems nationally, representing "a considerable innovation for established patterns of industrial relations in the United Kingdom" (Marginson and Sisson 1994: 44). German and Nordic actors, however, are much more concerned about the difficulties that might arise if transnational company bargaining gains momentum, because this could induce fragmentation and breakdown of national structures of collective bargaining (Schulten 1996a, Streeck 1997, Dølvik 1995: 228). The evolution of a transnational "micro-corporatism" at TNC level, possibly associated with the emergence of a "neo-syndicalistic" oriented "labour aristocracy", could indeed lead to detachment from national trade union institutions and grassroots (Dølvik et al. 1990: 154). The Nordic and German industry unions have accordingly taken great care to restrict the competences of the EWCs to information and consultation practices only, even though they regard the kind of "arms-length" co-ordination of bargaining foreseen by Marginson and Sisson more positively. The inclusion of foreign workforces in collective



bargaining at national headquarters level might indeed become a double-edged sword for national bargainers in countries where unions still enjoy a relatively strong position. Conversely, in such countries, unionists in foreign-owned TNCs presumably have more to gain from remaining a part of national multi-employer bargaining, than being integrated in company Euro-bargaining together with workers from countries with lower wages and lower labour standards.

In consequence, while the prospect of transnational company bargaining tend to be embraced by unions from countries with low wages and/or decentralised bargaining systems, unions in high-wage countries and centralised bargaining systems seem more sceptical to embarking on such a path. In the former, European company bargaining might cause positive spillover effects to national (multi-employer) bargaining, while the opposite is likely to be the case in high-cost countries. There it rather appears to be company management which is attracted by a certain Europeanisation of bargaining practices. In the longer term, however, also company unions of the high-cost countries will face a difficult dilemma in striking a balance between helping to raise the standards of their lower-paid foreign colleagues and protecting the privileges of belonging to high-cost multi-employer bargaining systems.

Altogether, it is hard to predict the implications of the evolving Europeanisation of company strategies and the associated emergence of EWCs. In general, most observers tend to foresee a double movement, combining further decentralisation of collective bargaining with stronger centralised control of local developments in TNCs. In line with Streeck (1997), most observers expect downward pressures on labour standards and conditions in institutionally stringent systems of industrial relations, even though the diffusion of "best practices" might pull in the opposite direction (Schulten 1996a: 319, Marginson and Sisson 1994). The degree to which TNCs will opt out of national multi-employer bargaining is likely to exhibit great variation, reflecting both the relative weight of the international activity of home-country TNCs and the legal frameworks of national industrial relations (Marginson and Sisson 1996a: 179–80). Companies with a dominant international activity, like many Dutch, Swedish and British TNCs, are considered most likely to withdraw, while the imposition on companies of a uniform set of institutional arrangements (either by legislation as in Germany and France, or by central collective agreements as in the Nordic countries) are perceived to work in the opposite direction (*ibid.*: 180). Mueller and Purcell (1992: 31) suggest that a new segmentation into two broadly independent systems will evolve: "the one for large integrated companies where focus is on plant activity and active works councils; the others serving the smaller domestic producers and those firms in sheltered markets based on the varied traditions and practices of national industrial relations arrangements" (in Schulten 1996a: 320). Similarly, Marginson and Sisson suggest "there is little reason to expect the wholesale break up of national systems of multi-employer bargaining which prevail across much of the European Economic Area" (1994: 29), since where TNCs do opt out of such arrangements, these may be retained by SMEs, generating a hybrid structure as in the Netherlands (1996a: 180). Thus, "continued segmentation and stratification could reinforce rather than undermine existing

differences between national and regional regimes" (Marginson and Sisson 1994: 42, see also Traxler 1996: 280). To sum up, so far current research seems to indicate that an increasing differentiation of company approaches to labour management is evolving – in line with a concept of growing "managerial eclecticism" (Regini 1994) – tending to accentuate existing differences both within and between national systems. Thus, "the limits inherent in the directive and uneven union presence across TNCs' various sites, combine to define the challenge of EWCs facing unions in diverse, uncertain, and perhaps, contradictory ways" (Martin and Ross 1998b).

From the point of view of the ETUC and its European industry federations, however, the adoption of the EWC directive has opened a new arena with great potential for the promotion of trade union integration. Considerable efforts are being made to organise training, conferences and support for national unions in negotiating and setting up EWCs, representing a significant intensification of the ties and exchange between the EIFs and national unionists.<sup>255</sup> These processes have also enhanced a more genuine, more practically oriented type of cross-border co-operation between representatives of national unions than the traditional revolutionary pattern of international trade unionism. In this way, the debate and conceptualisation of European industrial relations have become more concrete and comprehensible to a wider range of unionists, which may encourage further moves towards a bottom-up process of trade union integration. Several national unions have set up task forces to support the work of EWCs; one example here is IG Metall, which brought Bert Thierron of Belgium, the former general secretary of the European Metalworkers' Federation, to Frankfurt to head the IG Metall's activity in the field. Thus, the activities associated with the EWC process – and the resources provided by the Community – have led to a vitalisation and broadening of European trade union co-operation. Compared to a decade ago, when European affairs involved only a limited circle of trade union leaders and diplomats, the prospect that some 40,000 employee representatives can become involved in transnational union activities contains a potential for learning and change which should not be underestimated.

In Norway, for example, it is striking to observe that the development of corporate works councils in TNCs has stimulated the emergence of a new generation of young and professional trade unionists, often with a militant background. Through international experience and the learning processes these union representatives become involved in within the TNCs, they acquire skills, confidence and knowledge about the workings of modern capitalism which should prove valuable for the innovation and modernisation of trade unions in the future. They form an alternative network of union representatives inside the most powerful companies in the economy – outside the control of the traditional hierarchies of industry unions and confederations – and this is a development that has indeed aroused uncertainty among the traditional power strongholds within national unions. For the future, it may well be that, by encouraging the growth of a new tier of trade union leaders with greater international orientations and skills, these processes may become increasingly important for both the renewal and the transnationalisation of trade unions.

It should be underscored, however, that this phenomenon cannot be ascribed solely to the

evolution of EWCs: it is anchored in the much stronger form of national participation rights, including board representation. On the other hand, the emergence of a pioneer core of workforce representatives at the level of TNC headquarters can represent a valuable potential for the development of trade union networks and structures within the context of company EWCs as well. Streeck (1997) rightly warns against "institutional nationalism" and protective behaviour of headquarters workforce representatives. My impression, however, is that this new stratum of corporate union leaders tends to adopt a more outward-looking approach and becomes more familiar with the problem of coping with cross-national diversity, than the traditional union leaderships, whose power relies on the preservation of established forms of national collective bargaining and trade unionism. As emphasised by the central works council in Volkswagen:

"A common strategy based on the principles of solidarity and reciprocity respects the differing national trade union traditions and situations. (...) If we want to continue to achieve progress for our workers in the future, we cannot allow ourselves to be led by considerations of national borders."<sup>256</sup>

However, if the trade unions fail to ensure a proper foundation for these groups of corporate union leaderships within the frameworks of national unions, and they turn into a company-loyal, transnational neo-sindicalist force – then they might become catalysts for a growing fragmentation and break-up of national industrial relations. Insofar as national unions seem likely to remain a cornerstone of trade unionism in the foreseeable future, it will be an essential task for both national industry unions and the European industry federations to integrate these groups into their structures, to ensure that the transnationalisation of industrial relations in TNCs do not become the beginning of the end of trade union solidarity. Of central importance will be to create training and expertise which can support participants in the EWCs in developing strategies that are compatible with the broader aims and policies of European trade unions.

As suggested by Martin (1995), the combined EU promotion of top-level European social dialogue negotiations and company-based transnational industrial relations might reinforce the "dual shift" of industrial relations, and contribute to sidelining both national unions and the European industry federations. The challenge to the ETUC, the European industry federations and the national industry unions is accordingly to create organisational frameworks and strategies in which the development of EWCs becomes an integrated element of an articulated, multi-tiered network of trade union co-operation. If the emergence of company-based collective bargaining in TNCs is to be conducive to such a strategy, several conditions will have to be met.

First, any agreements in TNCs will have to be of framework character, as in Danone, defining overall objectives and minimum standards that can be implemented through national bargaining. In that way, European company bargaining can become a lever for bolstering national bargaining and enhancing closer links between national and European bargaining. In countries with weaker labour standards, such ancillary national bargaining can represent a

valuable means to strengthen union's bargaining power. For unions in the stronger countries this might in the longer term reduce labour-cost disparities within companies and hence improve their clout in national bargaining as well.

Second, the emerging trade union structures in TNCs must exert pressure on their employers to start co-ordinating employer policies on a broader basis, to enable extension of company-based European rights to the sectoral European level. This is in fact the aim of many EIFs, on the basis of the strategic concept that trade unions, by comparing company-based agreements and co-ordinating demands and action across companies and borders, can force employers to establish at the sectoral European level. The underlying rationale of such a strategy is that individual employers may have a certain interest in controlling company developments in their sectors, to avoid damaging precedents and undercutting competition from laggard companies. Sectoral employers might hence be induced to engage in social dialogue and possibly establish framework agreements on sector-specific minimum labour standards and participation rights, again defining overall aims and procedures for implementation through bargaining at European company and national industry levels. In such a trajectory, the European industry federations should act as catalysts and supporters of the work of national union representatives within TNCs and EWCs, perhaps granting the EIFs recognition as a third party in transnational company relations (which they have already been in a significant number of cases), eventually underpinning their striving to develop regular relations with sectoral European employers' associations. In such a strategy the evolution of transnational industrial relations in TNCs does not represent an obstacle – as suggested by the “reinforced dual-shift thesis” – but an important building block in development of the “missing sectoral link” of industrial relations at the European level. Still, the obstacles to such a strategy are likely to be formidable, illustrated by the warning to the European Metalworkers' Federation from one employer organisation that, if the EMF tried to start negotiations, “we won't talk to you”.<sup>257</sup>

In principle, however, the bottom-up evolution of such a multi-tiered, articulated, dual system of European collective bargaining would be compatible with the persistence of national systems of collective bargaining and the “top-down” evolution of European social dialogue negotiations on general social and labour standards. It would also be compatible with the evolution of bilateral co-ordination of collective bargaining between unions of different countries – as tried out by the British EMB and the German IG Chemie – and a multi-speed integration of union bargaining policies, distinguishing, for example, between unions of the EMU “ins” and “outs”. In this scenario, national collective bargaining at each level – company, industry and confederal – gradually becomes complemented by a European system of framework and orientation agreements, while national actors preserve a key role as bridges between European and national structures. This scenario thus represents no concept for the development of veritable European collective bargaining – indicating a shift from the national to the European level – but indicates a still-dominant role for national bargaining and trade unions within a European framework system of industrial relations based on sub-

sidarity. Through the build-up of a thickening web of horizontal and vertical networks, common co-ordinates, guidelines and framework agreements, however, such a development might enhance more efficient co-ordination of European trade union demands, negotiations and, at certain points, collective action, cutting across the distinctions between the European and national levels, as well as the confederal, sectoral and company levels.

The barriers to such a development are numerous, and employers are likely to put up considerable resistance. All the same, in my view this suggests that the widespread conception that Europeanisation of industrial relations will unavoidably mean a dismantling of national systems of collective bargaining is not true. Advocates of a supranationally integrated system of European industrial relations and collective bargaining – in line with the regulation approach – may well find such a strategy insufficient and illusory. However, insofar as the political prerequisites for a more far-reaching harmonisation of industrial relations policies are not present at the EU level, I consider the supranational path to be even more utopian. Hence, European trade unions would seem to have no other alternative than to make the most of such a differentiated, network strategy (Ebbinghaus and Visser 1994), combining social dialogue from “above” with the build-up of trade union co-ordination from “below” at a multitude of levels. And, as mentioned; given the predominant interest among trade unions in preserving national institutions of industrial relations and unionism, such a strategy seems to be the path that is most compatible with, and that can draw on, the interest and mobilisation of the basic entities of European trade unions – whose democratic support no successful trade union policy can manage without. Such a voluntaristic approach is indeed fraught with considerable potentials for fragmentation, conflicts and cleavages between actors at different levels, – and great demands will be placed on the co-ordinating capacity of the EIFs, the ETUC and their respective national correspondents. The alternative of (1) waiting for the emergence of a supranational EU state with political will and capacity to impose uniform industrial rights and frameworks for collective bargaining from above, and consequently, (2) continuing for the foreseeable future to rely solely on national means of trade union action, represents, however, no viable option for European trade unions. After all, this would mean an extension of current trends of fragmentation and erosion of trade unionism in Europe, likely to be reinforced with the implementation of the single currency.

## **11 Development of an ETUC "bargaining order" (1995-96)**

### **11.1 Introduction**

During the ETUC strategy debate on European collective bargaining in 1992-93, the question of mandating was never resolved. Then, as a result of the aborted negotiations on EWCs and the parental leave agreement, the question of mandating and decision-making associated with European negotiations again came to the fore. The ETUC 1995 Congress revised the statutes in order to establish an internal "bargaining order" and decided that operational guidelines should be specified by the Executive Committee. Before these guidelines were adopted, however, the declared intention of EURO-FIET's to sign a supplementary, or more correctly, a parallel agreement with EUROCOMMERCE on parental leave, provoked substantial conflict and a lengthy debate inside the ETUC. Complicated questions concerning demarcation of competences; the autonomy of the EIFs; the degree of central co-ordination of sectoral dialogue; majority rule; and strategies for European negotiations were meshed together in a way which raised fundamental questions about the relations between the EIFs and the ETUC. This chapter reviews the main developments and outcome of that process.

### **11.2 Revision of the ETUC statutes**

A central premise for the March 1993 ETUC compromise on European collective bargaining had been that the decision-making procedures should be clarified and that a "bargaining order" should be incorporated into the Statutes. During autumn 1993 and spring 1994, however, very little happened, despite several Nordic requests. This caused anger among the Nordic affiliates, and, with the failure of the EWC case fresh in mind, the Swedish LO-leader Bertil Jonsson forcefully raised the issue again at an ETUC Executive Meeting in July 1994.<sup>258</sup> Getting mixed responses, the Nordic Council of Trade Unions (NFS) then called general secretary Emilio Gabaglio and his deputy Jean Lapeyre to come to Stockholm (28.9.1994) to "highlight certain key topics which Nordic trade unions consider important to resolve in a future negotiating system".<sup>259</sup>

At the meeting, a preparatory document was tabled by the NFS. This, the parties agreed, should form basis for subsequent discussions in advance of the 1995 ETUC Congress. The document stated that European agreements could lead to a deepening of the democratic foundation and popular legitimacy of the EU.

"Decisive, however, for such a development is that the ETUC acquires a decision-making order which provides legitimacy to decisions made in European negotiations and social dialogue. (...) Without such a bargaining order neither ETUC affiliates, their member organisations nor their individual members will feel involved and responsible for the adopted decisions and agreements" (NFS 10.10.1994).

NFS accordingly demanded that a working group be set up to work out (1) an ETUC bargaining order; (2) a division of labour between the ETUC and the EICs, including a definition of the ETUC's co-ordinating role; and (3) the legal status of European agreements associated with national implementation.

A major concern of the NFS was the need to secure appropriate procedures for delegation of mandates, and to ensure ratification by national affiliates at every stage of the process, including eventual outcomes. If a bargaining order that guaranteed affiliates security and confidence could be worked out, there should, in the view of the NFS, be no problem in getting a mandate, "which indeed would be even easier if the affiliates were granted the right of opting out of agreements by voting No".

A second concern of the NFS was to secure a clear-cut division of responsibilities between the ETUC and the EICs, so as to rule out the possibility of conflicting agreements on different levels. In the view of NFS this required a strong central authority for the ETUC to ensure strict co-ordination and control of events, and to define which issues were cross-sectoral and which were sectoral. This reflected Nordic dissatisfaction with the way the 31 October agreement and the EWC case had been handled.

Prior to the 1995 Congress the issue was elaborated in a working group, assisted by legal experts, and in the Congress preparatory committee. After a preliminary proposal was forwarded to the ETUC Steering Committee on 2 February 1995, the matter was discussed in the Executive Committee on 6–7 April 1995 and a final version was agreed in the Steering Committee on 20 April 1995.<sup>260</sup> It was proposed that a new formulation be added in article 11 of the statutes, stating that

"the ETUC Executive Committee decides on the position to be taken vis-à-vis European employers' organisations and the European institutions (...) (and) ensures the convergence at European level of the demands and contractual policies of affiliated organisations".

In a new article 11 (bis) it was proposed that the Executive Committee shall

"determine the composition and mandate of the delegation for negotiations with European employers' organisations in each individual case, in accordance with the voting procedures set out in article 16. The decision shall have the support of *at least two thirds of the organisations directly concerned by the negotiations*. In cases of urgency, decisions concerning the mandate for composition of the delegation may be made in writing.

The Executive Committee shall establish the internal rules of procedure to be followed in the event of negotiations. The Secretariat shall supervise the bargaining delegation. The Executive Committee shall be given regular progress reports on bargaining in progress. Decisions on the outcomes of negotiations shall be taken by the Executive Committee in accordance with the voting procedures set out in Article 16. The decisions shall have the support of at least two thirds of the organisations directly concerned by the negotiations, which shall have had the opportunity to hold internal consultations.

Regular reports on European sectoral bargaining, carried out by the European industry committees, shall be made to the Executive Committee. *Its consistency with ETUC policy shall thus be ensured*". (all italics added)<sup>261</sup>

The proposal caused discussion and uncertainty about two points in particular: What was the

exact meaning of "organisations directly concerned by the negotiations"? and what were the implications of the last passage concerning the Executive Committee's responsibility for ensuring consistency of sectoral bargaining with ETUC policy?

The ETUC had long had a tradition that non-EC/EU members were not to take part in decisions concerning Community matters. Many affiliates read the "directly concerned"-formula as an "EU clause", possibly indicating that EFTA organisations and perhaps also British organisations (not being covered by the Maastricht Social Agreement) could be excluded from voting on European negotiations issues.<sup>262</sup> The rationale of such an interpretation was that it would be inappropriate if organisations which would not be formally bound by EU legislation based on European agreements, could prevent such an agreement from being reached. As stated by a Belgian representative, "on EC matters only EC member organisations can vote". In the course of the process, though, it was established that both the TUC and the EFTA organisations should be considered "directly concerned".<sup>263</sup>

Several of the Nordic associations were, however, sceptical about qualified majority decisions. They made it clear they were only prepared to take part in negotiations concerning proposed EU legislation and not voluntary negotiations, the legal status of which seemed unclear to them.<sup>264</sup> The Nordic affiliates thus emphasised the necessity of seeking broad consensus on negotiation matters, leading for example the Norwegian confederation (LO) to propose an amendment which would mean that dissenting organisations could choose to stay out of negotiations and consequently not be bound by any agreements reached.<sup>265</sup> On the opposite side, the Belgian unions were vigorous supporters of majority decisions:

"We are prepared to take a serious fight on this issue, we cannot let the Brits or the Danes veto this, neither in the EU, nor in the ETUC. We must strengthen the ETUC and accept the reality of a hard-core Europe."<sup>266</sup>

Several EICs were also sceptical about the proposed co-ordinating role of the ETUC in sectoral negotiations, which they saw as a potential threat to their autonomy. As expressed by the director of EURO-FIET:

"The ETUC must understand the EICs are autonomous social partners for their sector, not just a drawer of the ETUC. We don't need blessing from the ETUC to enter negotiations."<sup>267</sup>

The contentious character of the issue was illustrated by a Belgian representative who stated that "the EICs behave as not being members of the ETUC. It seems like, for example, EURO-FIET wants to be a social partner at the interprofessional level."<sup>268</sup>

As the Congress of 12-15 May 1995 drew closer, it seemed that disagreement had vanished, and that most actors had been reassured by the agreement that more detailed guidelines on what had now become article 13 of the statutes would subsequently be worked out by the Executive Committee. The Nordic unions, for example, had been reassured by a statement of the general secretary Gabaglio, that a veto right in practice already existed, according to the Statutes.<sup>269</sup> The debate at the Congress itself was thus very brief. The representative of LO-Sweden, Bo Rønngren, confirmed Nordic support of the proposal, and made reference



to the guidelines which were to be worked out. So did representatives of the EICs – however, emphasising the unclear points that still remained. Jan Cremers (EFBWW) drew attention to the tricky question: “who decides which organisations are directly concerned?”. Carola Fischbach-Pyttel (EPSC) declared that “in my view the EICs decide over sectoral agreements, but it may seem as some think the ETUC can determine this”. Emilio Gabaglio then assured the delegates that these issues would be clarified by the Executive Committee; he emphasised that sectoral agreements were the responsibility of the EICs, even though they were to report to the ETUC in general. This seemed a fairly uncontroversial statement, but it was taken as a significant concession from the Secretariat: “Gabaglio had to give in on the EICs’ right to sign collective agreements”, noted one central actor.<sup>270</sup> Even though the amendments were adopted unanimously, the strife was far from over.

### 11.3 Operationalising the guidelines for European negotiations

#### 11.3.1 The mandate issue

After the 1995 Congress the Secretariat rapidly proposed “rules of procedure” to the Executive Committee on 29 June 1995. However, several objections were raised, and the Secretariat was requested to amend the draft and prepare a decision on the subsequent meeting in October.<sup>271</sup> The issue was to prove far more contentious than foreseen: a conflict-filled process unfolded, lasting more than one year.

On the broad lines of the “bargaining order”, consensus was fairly rapidly established.<sup>272</sup> The source of conflict concerned relations between inter-sectoral and sectoral negotiations, which had become aggravated by EURO–FIET’s initiating negotiations with EURO–COMMERCE on parental leave. The struggle took on a twofold dimension: (1) resolution of the specific case of parental leave; (2) clarification of the general bargaining competences and relationship between the ETUC and the EIFs.

As to the first issue, disagreement concerned the right of EURO–FIET to enter into supplementary sectoral negotiations when a cross-sectoral framework agreement had already been signed. The problem was that EURO–COMMERCE had declared they would not feel bound by an agreement signed by UNICE (which they did not regard representative for the commerce sector). This was not acceptable to EURO–FIET, which therefore invited EURO–COMMERCE to negotiate a similar accord, evidently seeing a chance of getting a precedence-setting sectoral collective agreement. This was problematic for the ETUC, because it could be perceived as implicit confirmation that UNICE was not a representative counterpart, thereby indirectly raising questions about the representativeness of the whole social dialogue. This issue became even more delicate when it became known that EURO–COMMERCE and EURO–FIET had written a joint letter to EU governments about their role in social dialogue, fuelling suspicions that they were aiming for a status as cross-sectoral social partners.<sup>273</sup>

More specifically the problem reflected conflicting interpretations of the negotiating man-

date of the ETUC. According to EURO-FIET, the scope for supplementary sectoral and national bargaining had been a part of the ETUC's initial claims, but the sectoral option had been deleted due to heavy resistance from UNICE and weak efforts of the ETUC negotiators to defend it. EURO-FIET, furthermore, maintained that it was normal procedure also at the national level to pursue supplementary sectoral negotiations to specify, or improve, a central agreement. EURO-FIET also made it clear it would in no way undercut the cross-sectoral agreement.<sup>274</sup> The view of the ETUC Secretariat and the Nordic confederations (particularly pronounced in the Swedish case) was that when the member organisations – including the EIFs, which had been represented in the negotiations – had handed over a mandate to the ETUC, they could not take it back and involve themselves in a competing negotiation afterwards.<sup>275</sup> In their view, both the national confederations and the EIFs were bound by a collective decision of the ETUC. If not, two conflicting European agreements could result, and that could erode the credibility of the ETUC and lead to fragmentation of social dialogue. The Swedish LO also argued that the character of the issue – securing a general social right – implied that it should apply equally to *all* employees and could not be subjected to sectoral adjustments.

In the end – partly because of tough pressure from the ETUC – the agreement between EURO-FIET and EURO-COMMERCE was never signed, but the struggle over principles continued. In the ETUC Industrial Relations Committee on 12–13 February 1996, the ETUC Secretariat put forward a preparatory document to clarify the issues. The draft emphasised that the ETUC Secretariat needed to co-ordinate the activities of confederations and the EIFs on bargaining issues, and that the ETUC Industrial Relations Committee should be able to

"make recommendations to the Executive Committee concerning the choice of objectives and guidelines for negotiations at confederal and/or sectoral level".<sup>276</sup>

It was further emphasised that collective bargaining at European level

"requires a clear, coherent notion of the responsibilities at each level and of each of the ETUC's type of affiliates (...). There must not be any superimposing of rules or confusion between the different levels of bargaining, which is why it is important that the Executive Committee should define negotiating mandates and the levels of responsibility, i.e. European and/or sectoral."

### 11.3.2 Conflicting views and interests

Representatives of the ETUC Secretariat and the Nordic confederations argued that supplementary sectoral bargaining could be allowed only if explicitly agreed when the ETUC Executive Committee decided on a mandate, and then only concerning specific sectoral conditions of implementation. Such a view in essence would mean that the ETUC Executive Committee acquired central authority to determine the scope for sectoral negotiations. According to Jean Lapeyre of the ETUC Secretariat, this also applied to cases where inter-sectoral negotiations had failed. Then it should be up to the ETUC Executive Committee to decide whether the legislative process should be reopened and/or sectoral negotiations could

be accepted, to ensure that ETUC legislative claims were not pre-empted by sectoral agreements.

The EIFs, however, saw the Secretariat proposal as a completely unacceptable centralisation of decision-making, effectively undermining EIF autonomy. This even more so, because the qualified majority voting procedure meant that most confederations could simply vote down the EIFs, even though most of the confederations normally did not hold bargaining mandates at national level. The EIFs then wrote a letter to the ETUC, arguing that it was premature to discuss such a controversial document in the Executive Committee (March 1996). According to the EURO-FIET director, Bernadette Tesch-Segol, the ETUC Secretariat stance reflected a "consistent tendency to concentrate European trade union policy in the hands of the ETUC and treat the EIFs as subordinated implementing legs. This in part reflected UNICE's wish to resist sectoral dialogue and keep issues at such a high level that they did not have any impact. Also for the Commission life was simpler if they had only a few confederal parties to deal with". According to Tesch-Segol, a broadening of employer representativity in social dialogue was essential, but the ETUC did not dare to challenge UNICE. — "But we cannot wait for UNICE and the ETUC to agree — allowing UNICE full control as a brake — which in fact is the opposite of the tradition at national level where the industry federations usually take the lead."<sup>277</sup>

The oppositional stance of EURO-FIET was, however, a special case. According to key figures in the ETUC Secretariat, a central element of the conflict was that EURO-FIET — as a branch of the international FIET — had no autonomy to involve itself in binding decisions within the ETUC. That is, the tension reflected the problem of "serving two masters" — an interpretation which to some extent was shared by other EIFs as well.<sup>278</sup> In any case, the EIFs supported the critique of the centralising tendency of the ETUC Secretariat; as for the Secretariat, it complained that the EIFs wanted all the rights, but no obligations. — "They act as if they were not full members of the ETUC and that joint decisions in the ETUC are alien to them."<sup>279</sup>

The ETUC Secretariat and the Nordic confederations drew parallels to the national level, where it was customary for collective decisions at umbrella level to be binding on the industry federations. The difference, however, was that at national level the umbrella association was usually composed of the *industry* federations, and could thus control decisions, while at European level the umbrella association was controlled by *national* umbrella associations.

Herewith the problem of the dual structure of the ETUC came to the fore. Composed of two pillars — a majority of national confederations and a minority of European industry federations — the constituent unions had two alternative channels for exerting influence, causing asymmetries and problems of interest aggregation. For example, IG Metall usually decided quite pragmatically whether it should go by way of the EMF or the DGB to influence ETUC decisions.<sup>280</sup> While the EIFs experienced a situation of inferior influence and votes, the confederations felt it was wrong for the industry unions to have it both ways. And logically it appeared strange that the aggregation of interests of the same basic entities should give rise

to so conflicting outcomes through the two channels. The reason was perhaps that the leaderships of both national confederations and the EIFs harboured independent interests in boosting their organisations, and that authority relations inside the ETUC and the EIFs were different.

Hence, Martin and Ross (1998a) have suggested that the hard line taken by the Swedish LO in the parental leave case reflected particular LO interests in safeguarding its position at home by (at least) keeping control over European negotiations. This might be part of the explanation, but in my view the main reason for the strict Swedish/Nordic position was (1) that the Nordic associations had long feared that mandating and accountability would not be taken sufficiently seriously by European trade union agencies; and that this then posed (2) the danger that an unco-ordinated and fragmented pattern of European negotiations could evolve, with unpredictable consequences for national bargaining systems. More specifically, they feared that sectoral union bodies with a keen interest in achieving recognition would enter agreements that could undercut national conditions. In addition came the circumstance that Nordic confederations had from the very beginning of the ETUC been opposed to integrating the industry federations, due to the "dual track" argument.

The intensity of the struggle thus reflected long-standing tension within the ETUC, to a large degree corresponding to different national traditions of trade unionism. The view of the Nordic confederations and the Secretariat won support among many Southern ETUC affiliates, who were also familiar with strong central authority in the trade union movement, while the German DGB, as had been the case in the 1992-93 strategy debate over European collective bargaining, sympathised with the EIFs.

### 11.3.3 Accommodation of a compromise

Following discussion in the ETUC Committee of Industrial Relations (22-23 April 96), the Secretariat made some adjustments in the documents and forwarded them to the Executive Committee 6-7 June, but they were rejected anew. Before that, the EIF of the metal sector (EMF) had sent a quite harsh letter to the general secretary of the ETUC, requesting postponement and adoption of a "code of conduct" rather than a strict "bargaining order" – which, in the view of the EMF general secretary, Hans Fluger, was "not acceptable".<sup>281</sup> By that time also the German DGB and the British TUC had signalled that a more soft approach from the Secretariat was required, while IG Metall was busy backstage.<sup>282</sup>

Afterwards the Secretariat modified the text once again.<sup>283</sup> Compared to the June draft of the "bargaining order", two important passages which had caused EIF resentment were changed. First, the purpose of the bargaining order (point 1), previously assigned to clarify the "respective roles and responsibilities of the different ETUC member organisations, the confederations and EIFs, in European-level collective bargaining" was amended to read "cross-sectoral collective bargaining at European level". This indicated that the rules were limited to the ETUC's negotiations with UNICE and CEEP.

Second, a passage which obliged the Secretariat to facilitate adequate consultations at

national and federal level to address "the nature of the issues and of the right to be negotiated and, hence, the level of negotiations" (point 4), was amended to "the *cross-sectoral nature of the issue* and the right to be negotiated" (italics added), again restricting the subject of the rules to ETUC negotiations with UNICE and CEEP. However, in a final point (14) which concerned the right of the ETUC Executive Committee to decide what to do if cross-sectoral negotiations failed, it was stated that the decision would be "a collective one committing all ETUC member organisations". This seemed to indicate that the ETUC Executive Committee could block sectoral negotiations by the EIFs.

The EIFs then reiterated their request for a softer "code of conduct" in a joint letter to the ETUC (9 September 1996), signed by EFBWW general secretary Jan Cremers.<sup>284</sup> They also proposed a new passage for inclusion, emphasising that "the particular importance for certain Industry Federations" should be judged by the affiliates. It was further added that "if there is a particular importance for certain Industry Federations, there will be a shared leadership with the organisations concerned" of the negotiating delegation, where a stronger EIF representation was also called for. In case no agreement could be achieved as to whether an item was cross-sectoral or sectoral, it was proposed that "the ETUC and the Federations concerned have to come to agreement", in essence requiring consensus and the establishment of an implicit veto right. With regard to the contentious paragraph concerning the authority of the ETUC Executive Committee to decide what to do in case of aborted cross-sectoral negotiations ("committing all affiliates"), it was stated that "some EIFs think that it is necessary (...) to discuss whether the ETUC Executive Committee is the supreme authority to fully commit the member organisations with a view to an eventual follow up." Here there was evidently a difference in views also among the EIFs.

As to the latter point, EURO-FIET had suggested to the ETUC Secretariat that the passage be replaced by a new formula: "Future strategy will be determined according to the Constitution and rules of the ETUC", leaving more leeway for various interpretations.<sup>285</sup> EURO-FIET, moreover, proposed amendments of the so-called explanatory note (paragraph 9–10)<sup>286</sup> which gave the "impression that the ETUC Secretariat is not only going to co-ordinate activities of the EIFs, but also set out objectives and instruct us on the means of achieving them". In addition, it was proposed to include article 20 of the Explanatory Note in the rules, which would make it possible for ancillary sectoral bargaining to specify the implementation of cross-sectoral agreements.

During the final run-up to the Executive Meeting held on 9–10 October, the pressures on the Secretariat to soften its attitude had increased, and extensive informal consultations were held to reach a compromise. As indicated, the German DGB and the IG Metall had flexed their muscles in support of the EIFs, while the EIFs themselves made considerable efforts to avoid a "showdown". The Secretariat on its part, evidently realising that the ETUC could not live with a No-vote from the EIFs, now proposed further concessions.

First, in article 4 a new clause was included, saying that "the cross-sectoral approach proposed by the Commission may be of particular importance to certain sectors and/or catego-

ries. In this case the negotiating mandate will take account of the problems of the sectors and categories concerned, both in the content of the mandate and in the composition of the delegation responsible for the negotiations."<sup>287</sup>

Second, a new article 16 was added: "complementary sectoral negotiations can take place, on the basis of a European framework agreement for a cross-sectoral general right, with the aim of improving or adapting the confederal framework agreement to particular situations or categories. If these negotiations reach agreement, they may be implemented, either on a voluntary basis by the social partners who are signatories to the agreement or by a Council Decision for specific aspects."

The contentious passage concerning the right of the ETUC Executive Committee to decide what to do in case of unsuccessful inter-sectoral negotiations ("committing all ETUC member organisations") remained unchanged, however. One further minor change was made, allowing the affiliates six weeks to decide on ratification of agreements (article 12). The Secretariat rejected the EIF demands for shared leadership of the delegation in negotiations with particular sectoral importance, and for consensual decision-making in case of disagreement about the cross-sectoral character of an issue.

With these modifications, the ETUC "bargaining order" was unanimously adopted by the Executive Committee on 10 October 1996.

## 11.4 Assessment

The establishment of an ETUC "bargaining order" marked a significant step in several respects. What was perhaps most important was not the adoption of the rules of procedure (the stringency of which might be a matter of discussion), but the learning process associated with it. Through this process, affiliates became engaged in a serious problem-solving discussion, increasing their understanding and awareness of the problems at stake and the conflicting interests involved in European negotiations. As noted before, when European negotiations started becoming a real phenomenon, touching on central issues of national industrial relations, the affiliates became more deeply involved and alerted. The most obvious example of this learning process was the central role of the Nordic affiliates. Another example was the changing attitudes of the ETUC Secretariat itself. During the strategy debate over European collective bargaining in 1992-93, many affiliates had felt that key actors of the Secretariat did not realise the importance and difficulties of proper mandating. Now, it seemed, they had come to understand the necessity of stringent procedures. This, however, also caused increased organisational tension, as it implied a clearer definition of competences and power-relations.

Second, despite the compromise finally reached between the EIFs and the ETUC, the process signalled that substantial conflicts of interests and perceptions had evolved. This is of course a well-known feature of all trade union movements, and can be seen as an indication

that ETUC integration has moved forward. The stakes had been raised and the actors had been forced to face up with fundamental questions concerning distribution of authority and responsibilities. As argued by Emilio Gabaglio:

"This is normal and part of a continuous debate everywhere – tension is positive, it is a sign of growth and development. The lesson is that we will have to define better whether a subject is interprofessional or sectoral. A hierarchy of values is required, we can't have two competing agreements on the same issue."<sup>288</sup>

The EIFs felt that they had achieved an acceptable compromise on procedures. However, the cleavages that were revealed between the EIFs and the ETUC reflected very divergent conceptions of how European trade unionism and negotiations are to evolve, and this is a problem likely to cause continuous tension the years ahead.

Third, the substantial implications of the compromise are more difficult to judge. On paper it codified procedures which imply greater vertical integration and co-ordination within the ETUC framework. Most significant, perhaps, was the affirmation that the principle of qualified majority voting should be applied on questions concerning European negotiations. In the eyes of Gabaglio, this was the major decision of the 1995 Congress, confirmed by the "rules of procedure":

"Qualified majority voting in such issues represents a real change, everybody accepted it and no one insisted on a veto. The ETUC has come a long way since such a procedure was first proposed by the Italian unions on the 1985 Congress. Of course, veto requests will emerge and we will have to meet it by looking for a broad consensus. But the option of majority voting make a big change by increasing pressure for agreement and compromise. Perhaps it will not be used, but it improve our ability to accommodate divergent views through a substantial mediation of interests beforehand and during negotiations."<sup>289</sup>

However, the struggle between the EIFs and the ETUC signalled that the EIFs are unlikely to accept being voted down on issues of controversy. The EIFs received broad support for the view that such cases should be solved in consensual ways. In fact, the principle of qualified majority voting has been a part of the ETUC statutes since its inception, but actual practice has caused a strong precedence for consensual decision-making in issues touching on the sovereignty of the affiliates.

Fourth, the process demonstrated that the European negotiations following from the 31 October agreement and the MSA had encouraged organisational changes and greater institutionalisation of trade union integration at European level. The "rules of procedure" meant a codification of decision-making norms, more clear-cut rules for delegation of mandates, and an important step towards better accountability, transparency and democratic control of ETUC policy by the affiliates. Hereby the constituent entities were ensured greater influence, on the one hand, providing increased confidence in European negotiations, on the other. As emphasised by the Nordic unions (NFS) when the process started, if sufficiently stringent procedures were installed, the problem of getting a mandate would be reduced and the credibility of European negotiations would be enhanced. The changing position of the

Nordic unions in this respect was highly illustrative: deeply sceptical of European negotiations from the outset, they had now become central actors in defining the rules of such negotiations. Likewise, their substantial position also changed remarkably, as shown by their support for initiating negotiations on atypical work in 1996 – a decision which only a few years earlier would have been dismissed as completely unrealistic.



## **12 Political and organisational development of the ETUC since 1991**

### **12.1 Introduction**

"The period since the 7th Statutory Congress has been a very difficult one, both socially and politically, for the European trade union movement. In a context of deep recession, unprecedentedly high levels of unemployment, monetary systems in disarray, and last but far from least, the vicissitudes of the Maastricht Treaty, the very idea of European integration has suffered and it has lost credibility in the eyes of workers and citizens. Though the European Union has remained a magnet – Austria, Finland and Sweden have joined it; and European association agreements have been signed with six Central and Eastern European countries – it has signally failed either to introduce really effective policies for employment, or make good its social deficit." (ETUC 1995a, Report on Activities 1991/94 to the 1995 Congress of the ETUC)

With this introduction to the 1995 Congress, the ETUC indicated the external setbacks it had experienced during the first half of the 1990s. In this chapter I review the central organisational and political developments of the ETUC since the 1991 Congress. Despite the external difficulties, I argue that the ETUC has undergone a notable process towards increased organisational coherence and integration. With the Nordic enlargement of the Community and the 1995 Congress decisions to embark on a process of Eastward enlargement, however, the classical ETUC problem of coping with diversity and reconciliation between efficiency and legitimacy, deepening and widening, again came to the fore.

The structure of the chapter is as follows: Section 12.2 reviews the development in ETUC membership and organisation during the 1991–1995 Congress period; section 12.3 describes the main issues and decisions of the 1995 Congress; section 12.4 reviews ETUC developments after the 1995 Congress.

### **12.2 Development in membership and organisation (1991–95)**

During the first half of the 1990s, ETUC membership in Western Europe continued to grow. Twelve new member confederations entered, among them several white-collar associations,<sup>290</sup> increasing the official membership from 42 million to 46 million in 1995 (ETUC 1995a) (see table 12.1 below and appendix 4). Thus the only manual workers' confederation of importance in Western Europe remaining outside the ETUC was the French CGT.

The number of European industry committees remained constant, with one new affiliation (the Miners' European Federation), while one committee had merged with the EMF. Subsequently the Miners' Federation merged with the EFCGWU into the new EMCEF (European Mine, Chemical and Energy Workers' Federation). All in all, the European industry committees in 1995 claimed to represent nearly 35 million workers – the three largest units

being the committee of the public sector employees (EPSC, 6.8 million), the metalworkers (EMF, 5.8 million) and the service sectors (EURO-FIET, 5.6 million) (ETUC 1995a, see appendix 5).

In addition, eight observer-members from Central and Eastern Europe had been taken on board after the 1991 Congress, in total representing 8.7 million members, while the number of interregional trade union councils had nearly trebled since 1990 (from 11 to 30 by the end of 1995) (Dürmeyer 1996).<sup>291</sup>

This growth in ETUC membership would indicate that the status attributed to the main social partners at Maastricht had made the ETUC increasingly attractive to outside organisations. The occupational and broad political compass of the ETUC had been furthered, bolstering its position as an unrivalled voice of European labour.

**Table 12. 1 Development of total ETUC membership, 1990 – 95**

	1990	1991	1992	1993	1994	1995
Total collective membership (mill.)	40.5	43.9	45.3	45.6	45.4	46.3
Number of organisations	38	45	46	46	46	49

Source: Personal information provided by Morten R. Pedersen, ETUC, May 1997

On the organisational front, several other changes had also been implemented. The decision of the 1991 Congress to strengthen the role of the Steering Committee had been put into practice. This body, now composed of the ETUC president, the Secretariat, eleven national leaders, three representatives of the industry committees and one of the ETUC women's committee, met 27 times during 1991–94. While some observers interpreted this as a move to counterbalance the heightened role of the Secretariat with a stronger presence of national leaders in the ETUC (Strøby Jensen et al. 1992), others suggested that this group was envisaged as forming a kind of political inner core, enhancing ETUC interest intermediation and integration. In practice, however, it turned out that the Steering Committee had rather evolved into an *administrative* body: policy formation and decisions remained with the ETUC Executive Committee.<sup>292</sup> In order to make Executive Committee meeting more efficient and stringent – they had been evolving into fairly open, unstructured sessions where all kinds of ETUC-related actors dropped by – stricter new rules of procedures were adopted in October 1994.<sup>293</sup>

Another follow-up of the 1991 Congress was to improve the representativeness and visibil-

ity of the ETUC among white-collar workers. In December 1992, the Executive Committee of the ETUC decided to set up a new organisational structure for the representation of professional and managerial staff – EUROCADRES – in co-operation with the EURO-FIET and the other industry committees (ETUC 1995a). Its founding assembly was held in February 1993, and a Secretariat was set up associated with the EURO-FIET office in Brussels. A general assembly is held once a year, drawing up policy guidelines, while a steering committee with 15 members serves as executive body (EIRR 246/94). Besides the EURO-FIET committee for professional and managerial staff, the membership comprises ETUC-affiliated confederations, European industry committees and their national affiliates which represent professional and managerial staff. By the time of its second assembly in November 1994, EUROCADRES claimed a membership of more than 4 million employees (ETUC 1995a: 13).

A central purpose behind the establishment of EUROCADRES was evidently to counter allegations that the ETUC was not representative of white-collar employees, and thereby to offset demands from the CEC (Confédération Européenne des Cadres) to be included in the central social dialogue. The membership of EUROCADRES outnumbers that of the CEC (around 1 million), but according to the EIRR, it is somewhat difficult to assess how representative it actually is. "It has no specific membership list, basing its membership figures on an occupational breakdown of the membership of ETUC and EIC affiliates" (EIRR 246/94). The Commission's 1993 representativity study did not examine EUROCADRES specifically, but the Commission Communication on the application of the social policy agreement listed EUROCADRES as a "cross-industry organisation representing certain categories of workers (...) to be consulted under Article 3 of the agreement". Since its foundation, EUROCADRES has mainly concentrated on conducting studies, organising conferences, and influencing Community policies with particular relevance for professional and managerial staff, such as mobility, development of public sector, training, recognition of diplomas and qualifications (EUROCADRES 1994 a, b). EUROCADRES appears to function more as a co-ordinating forum between different ETUC-affiliated organisations than as an independent organisation. Thus, it has as yet not acquired any clear role in social dialogue, although it has been consulted by the Commission and the EP on matters concerning professional and managerial staff (EIRR 246/1994). At any rate, the growth of white-collar ETUC affiliates in recent years might suggest that the foundation of EUROCADRES has been a sensible and future-oriented move.<sup>294</sup>

During the 1991–1995 Congress period, a restructuring of the ETUC-attached institutes for research and training (ETUI, AFETT and ETUCO) was pursued, aimed at enhancing their quality, scientific profile and co-ordinating links with the academic community.<sup>295</sup> To that end the ETUI also launched a European quarterly journal – *Transfer, European Review of Labour and Research* – intended to "foster the exchange of information, argument and controversy between trade unions and academic circles" (*Transfer* 1/95: 5).

The most important initiative to promote "the construction of European trade unionism" was presumably the strengthened emphasis on trade union education, organised by ETUCO. Aimed at fostering "a European trade union cultural identity and to provide practical training

for the leading actors in the European trade union movement" (Bridgford 1995: 244), a wide range of activities has been developed. The ETUCO provides structured support (exchanges, projects, teaching materials, advice etc.) for trade union education activities undertaken by affiliated organisations, besides running its own training programmes for shop stewards, trade union officers and leaders whose work is concerned with European affairs. ETUCO programmes have concentrated on the issues of European Works Councils, and English language training. The philosophy has been to enhance multiplier effects by working with national trainers and integrating national actors "into a fledgling European network of trade union trainers who can provide advice and support on the basis of own national and European experience" (ibid.: 246). In the view of Bridgford (the director of ETUCO), these European training initiatives have provided a rich complement to national-level activities. Besides improved understanding of European affairs and the diversity of national industrial relations systems in Europe, participants have developed better skills in communication and networking, leading to "the gradual transformation of attitudes and the laying of foundations for a European trade union culture", according to Bridgford (ibid.: 254). Although such self-evaluations should be read critically, it is significant that hundreds of unionists, also at the shop-steward level, are engaged in cross-national exchange each year. Surely this is a clear indication of the heightened ETUC priority given to this cultural dimension of trade union integration.

Another reflection of the growing dynamics of the Secretariat leadership that marked the ETUC during the 1991–1995 Congress period was the shaping of the external ETUC profile. Besides moving to the brand-new Trade Union House in Brussels (where also the ICFTU, the ETUC-attached institutes and several national union representations are located, but not the European industry committees), the trade union press and information services were improved. Combined with the more professional leadership of the new general secretary, Emilio Gabaglio, these changes underpinned the image of a modernised and more credible style of the ETUC.

The dominant preoccupation of the ETUC during the 1991–1995 period continued to be its Sisyphean efforts to influence Community policies in the field of social policy and employment (described in chapters 10 and 11). Additionally, however, the ETUC was engaged in a wide range of Community policy areas – economic policies, taxation, industrial policies, democratisation of working life, health and safety, product standardisation, environment, energy, research and development, structural and regional policies, equal opportunities, migration and anti-racism, enlargement, and not least, enhancing trade union organisation and integration in the Central and Eastern Europe (ETUC 1995a). In many of these areas the ETUC and its affiliates participate in Community bodies and committees, and seek to influence developments by producing position papers, staging conferences and lobbying the European Parliament, the Commission and the Council. It goes without saying that for a tiny organisational structure – as indeed the ETUC Secretariat still is (see below) – running and co-ordinating activities in such a wide range of areas entail immense difficulties. As the ETUC

is meant to represent the interests of labour in *all* relevant fields of Community activity, the gap between tasks to be fulfilled and available organisational resources and capacity tended to widen.

Many observers expected the exit of the Delors Commission to cause difficulties for the ETUC. In practice, however, this was seen as a positive change from the ETUC affiliates' point of view. It forced the ETUC to reorient its coalition-building strategy and make greater efforts to build contacts and networks within the European Parliament and towards the Council. Moreover, the end of the French and Italian dominance in the DG V, symbolised by the entry of a Swedish director, Allan Larson (with close ties to the Nordic unions), implied that new national actors within the ETUC could more easily become active in influencing EU social policy. Besides, the former leader of the German public sector union (ÖTV), Monika Wulf-Mathies, had now become Commissioner for regional and structural policies, which would presumably facilitate access for the ETUC and the German unions in particular. Altogether, the end of the Delors era was in this light perceived as a healthy change.<sup>296</sup>

Nevertheless, the lack of political progress and the deteriorating employment situation at national level prompted growing frustration among many ETUC affiliates. As stated by a Belgian union representative, "the social dialogue has become an alibi for Community institutions doing nothing. And the ETUC has no means to alter the balance of power".<sup>297</sup> Accordingly, when the FGTB in December 1993 staged a mass demonstration outside the Council meeting that adopted the Delors White Book, its leader, Francois Janssons, declared:

"The European leaders continue to preach a monetarist policy, a tough policy. They leave all facilities to speculators, to fiscal fraud, to the whims of an a-social patronage. They are building a colourless Europe, a flavourless Europe and what's worse, a heartless Europe. Now more than ever, its time to tell them in a clear and resolute way: This is not our Europe, you are violating all that is dear to us. It's time to turn the bow. (...) The position of the FGTB has not changed: we need to establish a European trade union counterpower, faced with a patronage that refuses to take its responsibilities, faced with a European Council and Commission, that refuse to take 20 million unemployed seriously. This trade union counterpower is the reason for existence of the ETUC. We need to bring it to a European level."<sup>298</sup>

According to FGTB sources, Francois Janssons, who died far too soon in 1995, had become increasingly bitter at what he saw as the ETUC affiliates' lack of determination to engage in real union mobilisation on a European scale. In his view, the ETUC should "finish this game of changing two words" in social dialogue, stop lobbying and become a real trade union. In order to strengthen the ETUC, the FGTB was inclined to move ahead towards a "hard-core" mode of European integration, including within trade unions.<sup>299</sup>

Nor were the Dutch affiliates fully satisfied with the ETUC reform process. They felt that the national affiliates should be more involved in the work of the ETUC, which ought to be better targeted. The ETUC was still too focused on the Commission, too busy organising conferences to achieve Commission funding and too distant from the national level. "Not all needs to be done at the European level. The Secretariat should try to act more as a catalyst of national initiatives and networks around specific projects, and should draw much more on

the skills and resources of the affiliates.”<sup>300</sup> In the view of the Dutch unions, the ETUC had adopted an overly centralised approach. More efforts should be made to provide support and service to the industry committees and company level, where the real development of trade union integration ought to be evolving. A restructuring of the industry committees should be initiated, possibly through mergers. “It is a paradox that we prevail with a mode of European trade union integration that is concentrated at the confederal level where national unions in fact are weakest, while real strength has to built up from the base.”

Even though the ETUC was showing organisational progress, the pace of change clearly did not match the expectations of the most impatient advocates of union integration – the unions of the smaller countries in the EU core. Resource constraints remained a problem: Despite the increase in member associations and a step-wise raising of membership dues, the growth in economic and personnel resources of the ETUC did not match the heightened expectations and ambitions of its membership.

**Table 12.2 Development of ETUC revenues from membership dues 1990–1996**

	1990	1991	1992	1993	1994	1995	1996
Income from membership dues (mill.BEF)	86.4	115.1	140.3	155.1	166.7	179.5	182.3
Dues per 1000 members (BEF)	2075	2545	3100	3400	3670	3875	3995
ETUC staff	36	39	45	45	45	45	45

*Source: Personal information provided by Morten R. Pedersen, ETUC (May 1997).*

As of 1995, the official revenue of the ETUC from membership dues was around 180 million Belgian Franc, more than the double the figure from 1990, roughly equalling 5 million US Dollars. Despite this increase, ETUC resources are scarce, compared to most national unions. A Secretariat staff of 45 people, many of whom work with translation, restricts the scope of activity, although the number is greater than at the UNICE Secretariat. However, even though the ETUC does not get any direct transfers from the Commission for the running of its organisation, considerable resources are provided indirectly, through projects supported by various Commission action programmes, where 50–80 % of the costs are covered by the Community. For example, many ETUC activities in the CEE countries are organised as projects related to the PHARE-programme. The Commission budgetline for supporting activities and meetings related to the social dialogue also provides substantial indirect subsidies, in practice covering hotel and travel costs, localities and interpreting services at many ETUC

meetings. Through the worker group in the ECOSOC the ETUC also has at its disposal a considerable amount of so-called "interpretation days". Thus, the real costs of running ETUC activities can be assumed to be at least twice the revenues from membership dues. Besides, ETUC-related institutions have been granted notable financial support by the Commission. Each year the ETUI receives 3.1 million ECU, the TUTB 1.6 million and the ETUCO 1.8 million, in total 6.5 million ECU (roughly 280 million BEF / 5.5 million US Dollars). Thus, despite criticism from affiliates that the ETUC has become overly dependent on Community sources, it is still heavily reliant on external sources to maintain its level of activity. This reflects the circumstance that its affiliates are yet not ready to underwrite the real costs of running trade union activities at the European level.

## 12.3 The ETUC Congress 1995<sup>301</sup>

### 12.3.1 Introduction

The ETUC 8th Statutory Congress, held in Brussels on 9–12 May 1995, became in several respects a symbolic manifestation of the changes that had evolved within the ETUC since 1991.

On the one hand, the event demonstrated the modernisation and professionalisation of ETUC organisation that had taken place. Staged at the fashionable Brussels Exhibition Centre at Heysel, Congress infrastructure and facilities were first-class. Modernistic art events introduced and ended the Congress. The ETUC logo had become more elegant, the documents were more stylish, an impressive exhibition of trade union and EU social policy activities was staged. Panel seminars with prominent figures from the Brussels social policy scene were held alongside the plenary sessions. Top Community leaders visited the Congress, such as the president of the Commission, Jacques Santer, the president of the European Parliament, Klaus Hänsch, the Commissioner of Social Affairs, Pádraig Flynn, the prime Minister of Belgium, Jean-Luc Dehaene, and several international dignitaries, together with Jacques Delors and the leaders of the trade union internationals, Bill Jordan of the ICFTU and Carlos Custer of the WCL. Press coverage was significant.

On the other hand the Congress highlighted the difficult external conditions and the limited progress of ETUC policies. European unemployment was soaring, and EU credibility was waning among ETUC affiliates, not least due to the strains posed on national trade unions by the EMU convergence programmes. As shown in chapter 10, however, some progress could be noted in the field of EU social policy associated with the adoption of the EWC directive and the relaunch of some blocked directives under the Maastricht Social Agreement. In the social dialogue, negotiations on parental leave were underway. In addition, the upcoming IGC on treaty reform promised a new opportunity to address the asymmetries of European integration, keeping up hopes of change.

The 1995 Congress thus became a paradoxical expression of the increased organisational

coherence and confidence that had evolved within the ETUC since 1991, together with the persistent ETUC problems of influencing the key parameters of Community integration.

### 12.3.2 Main issues and controversies

The central issues of the 1995 Congress were related to drawing up the political programme of the ETUC for the next period, and organisational decisions on procedures for pursuing European negotiations and Eastward enlargement.

#### *Political issues*

The political debate was organised around the two major resolutions of the Congress, one general policy resolution (*Jobs and solidarity at the heart of Europe*) and one on the future of European integration (*For a strong, democratic and open European Union built on solidarity*). These documents had been prepared by the Secretariat, in co-operation with a Congress Preparatory Committee, accompanied by preliminary debates in the Executive Committee and by a large number of written comments and amendments submitted by affiliates.<sup>302</sup>

Drawing up ETUC policies on the whole spectrum of trade union policies, the general policy resolution focused in particular on EU economic, industrial and taxation policies to combat unemployment; strengthening of public services; negotiated reorganisation and reduction of working time based on "positive flexibility"; training and human resources development; establishment of a "Social Union" based on incorporation of the Maastricht Social Agreement and the Social Charter into the treaty from 1996; and building of a more powerful European trade union movement – all within the overall perspective of deepened and widened European integration. It was also demanded that the new treaty should include a non-regression clause with respect to social provisions and recognition of the transnational rights of association, free collective bargaining and trade union action. Accordingly, the attainment of these objectives and

"a new balance between economic efficiency and social justice will require a strong and innovational trade union movement (...) at European level, which is capable of mobilising its members behind its demands and hence of influencing and negotiating the changes which are needed within the framework of a new European social contract".

The Congress embraced the broad lines of the resolution, but there was major controversy over the proposals of (1) adopting a more flexible approach to working time reduction and wage compensation; (2) Community taxation policies; and (3) the harmonisation of social security. While a majority of the continental unions favoured these proposals, the union representatives of the new Nordic member-states launched firm opposition, partly reflecting their reluctance towards further EU supranationalisation.

The proposal of accepting a flexible reorganisation and reduction of working time, including a more positive view on part-time work, was most actively promoted by the Dutch repre-



sentatives, who argued that traditional growth policies were not sufficient to combat unemployment – job-sharing was also required. The Nordic representatives, however, insisted that full-time work should remain the norm and that working time reductions should be accompanied by wage compensation.<sup>303</sup> In the end, the Nordic view gained support from, among others, the German and British representatives and was adopted. Thus the 35 hour work-week with full wage compensation remained a core demand of the ETUC, even though a number of continental unions in practice had already gone a long way towards various kinds of work-sharing schemes without wage compensation.

The quest for increased Community powers in the field of taxation and social security harmonisation was promoted by the Belgian and Dutch representatives in particular. Arguing that fiscal dumping was eroding the public sector, that a Community tax policy was required to bolster common employment policies, and that harmonisation of social security would be required to avoid social devaluations in the EMU, they mustered broad support among the continental unions. Owing to Nordic opposition and coalition-building, however, a substantial watering-down of the proposals occurred. The demand for a uniform tax on interest from capital and a minimum rate for company taxation was adopted with broad support (also from several Nordic unions), while the proposal to introduce qualified majority voting in EU taxation policy failed to achieve the required 2/3 majority and was blocked. On this point, the Danish LO threatened to reject the whole resolution if it were adopted. Also the proposal to harmonise social security was rejected, while several proposals to strengthen ETUC policies for protection and development of the public sector were embraced.

In addition, a fourth proposal, put forward by the Italian affiliates, caused debate. As a concrete demonstration of European solidarity, they proposed that the ETUC should set up a European fund – called “An ECU for Youth” – to promote youth employment. According to this proposal, the ETUC and UNICE should commit their member organisations to introducing in all pay agreements a clause that one ECU per month should be transferred to the fund for each worker covered by the agreements. As this, especially by the German and Swedish affiliates, was seen as an undue intrusion in the bargaining policies of the member-organisations, the proposal did not gain the required 2/3 majority.

The resolution on the future of the European Union implied a more cautious approach to EU integration than the highly integrationist 1991 resolution. The ETUC warned that

“European integration is today losing its credibility in the eye’s of Europe’s workers and citizens. If it is to regain their confidence, the Union must be capable of addressing their immediate concerns, most importantly as regards employment, social rights, equal treatment and the environment.”

It was thus demanded that the 1996 IGC “must make good the Union’s social and political deficits, in particular by making its way of working more democratic, which in turn will require greater transparency and participation”. A deepening and a widening of EU integration was demanded; the need to respect diversity and subsidiarity was underscored; and a clarification of Community powers was called for. Despite the more cautious approach, there

were two issues in particular that prompted opposition, again from the Nordic side: first, a formulation calling for a “federally balanced scheme of European integration”; second, a formulation that “qualified majority voting must be extended, and become the general rule”. The former was resolutely defended by Emilio Gabaglio, who stressed that a “social Europe will never be built without a political union”, and was adopted.<sup>304</sup> On the latter, a Danish compromise formula was accepted, according to which qualified majority voting should be the rule in all social policy and environmental issues.

Notable, however, was that neither the issue of EMU, nor the issue of European collective bargaining (see below) caused any major discussion. Yet, as to EMU a more conditional and critical view of the ETUC could be observed. General secretary Emilio Gabaglio in his main speech underscored that EU must be pulled out of its monetarist grip, and that EMU could not be pursued under the current situation of mass unemployment. This view was underpinned by Delors, who warned that “if EMU is implemented in 1999 with an independent, powerful European Central Bank, without being counterbalanced by a proper political government, it will be rejected by the people”, for which he harvested resounding applause. Only the French FO suggested opposing the EMU project entirely, although several national representatives voiced heavy criticism of the way EMU was being implemented.

#### *European collective bargaining*

A significant feature of the 1995 Congress was that the aim of European collective bargaining (so hotly debated in 1992/93), was no longer a matter of principle controversy. A broad consensus had evolved around the aim of reaching agreements on “negotiated legislation” in top-level social dialogue, but expectations as to what could be achieved along this path had been significantly lowered. The passing of the EWC directive had strengthened the view that autonomous capital–labour relations would have to be developed “bottom–up” from transnational companies to the sectoral European level, and a certain optimism could be observed with respect to the dynamic potentials of the new networks evolving in transnational companies.<sup>305</sup> In principle most representatives seemed to share the view forwarded by the new DGB leader, Dieter Schulte:

“(...) no trade union can stand up alone to the challenges of internationalisation of the economy and economic and monetary union in Europe. As national frontiers dwindle to nothing, the threats now posed to balanced labour relations and social systems cannot be tackled at the national level. In this context, a European and international policy on collective agreements is a matter of survival for the European trade union movement.” (ETUC Congress Special Report, No.2)

Several national affiliates – among them the Italian, Belgian, Dutch, Irish and Spanish organisation<sup>306</sup> – accordingly called for more bold moves in this realm, typically expressed by the Spanish UGT general secretary, Carlos Mendez:

“Taking up that challenge demands not just a major effort to assure coherence, but a radical change in mind-

sets to move from pragmatic arguments about international policy to a coherent union strategy in the real world where trade union action must take place to have an influence and effect. That means foregoing some of our national prerogatives and giving up some aspects of decision-taking and bargaining to Community-level. Set up a supranational partnership, a Community industrial relations framework and a supranational trade union confederation." (ETUC Congress Special Report No.3)

The absence of debate on the issue and the adoption of formal procedures for mandating of the ETUC suggested that the ETUC had become consolidated on the view that Europeanisation of collective bargaining was indispensable. Now the question was how to move from declarations to practice – which in fact was a long way, as stated by the president of the Belgian FGTB, Francois Janssens: "It has to be said: the European trade unionism we have so far developed has been closer to lobbying than real trade unionism" (ETUC Congress Special Report No.3). In order to enable the ETUC to live up to its ambitions, potentially important organisational adjustments were decided.

### *Organisational issues*

On the organisational front, four issues marked the 1995 Congress: (1) amendments of the constitution in order to establish proper mandating procedures and a "bargaining order" for the pursuit of European negotiations (see chapter 11); (2) a strengthening of the industry committees' role in the ETUC; (3) Eastward enlargement of the ETUC; and (4) elections.

The second issue, concerning the position of the industry committees in the ETUC, was a follow-up from the 1991 Congress and the debate on European collective bargaining. To bolster the status of the industry committees as a second pillar of ETUC integration, the Italian affiliates proposed renaming the committees into European Industry Federations (EIFs). This symbolic change was adopted, but a radical suggestion made by Michael Geunich of DGB that the EIFs should obtain 50 % of the votes in the Executive Committee was swept aside by the majority of affiliates.

The third issue, concerning Eastward enlargement of the ETUC, raised tricky questions. In principle, the aim had been embraced by the 1991 Congress, but during the preparations of the 1995 Congress it had become clear that reluctance prevailed among several affiliates. Such a radical organisational enlargement would indeed mean a significant increase of internal heterogeneity and greater problems of resource scarcity within the ETUC. Difficult questions related to the payment of dues and decision-making procedures were foreseen. – What should be the role of unions in EU-aspiring CEE countries in questions related to EU issues in general and enlargement in particular? Nevertheless, the Congress decided unanimously to start the affiliation process. In the longer term, this may well have been the most significant decision made by the 1995 Congress.

The elections issue prompted a conflict between the British TUC and the Nordic affiliates, which highlighted the tension associated with Community enlargement and the unstable configuration of actors and influence within the ETUC. The Nordic affiliates had previously been granted one of the ETUC deputy secretary general posts, to ensure proper representation in

the Secretariat of EFTA-union interests. As the Nordic countries (except Norway and Iceland) had now become members of the EU, the TUC considered that this example of regional quotas had become obsolete, and proposed a TUC counter-candidate to the Nordic one. As emphasised in the explanation by David Lea (TUC), "we can't stick to regionalism". Lea further mentioned that the TUC, with a membership of 7.2 million, had 21 votes at the Congress, as against the 61 votes of the Nordic affiliates, with a similar total membership.<sup>307</sup> The British initiative presumably also reflected the fact that the Nordic unions, after having benefited from a longlasting alliance with the TUC, at the 1991 Congress had defected from supporting the British–Dutch candidate for the post as ETUC general secretary. (Instead they had joined the German support for the Italian candidate, Emilio Gabaglio, see section 6.5.5). The Nordic representatives, on the other hand, argued that this was a matter of ensuring proper representation of different trade union cultures in the ETUC Secretariat. In the domestic struggles for EU membership, the Nordic unions had forcefully argued that this would enhance Nordic trade union influence. If, on the contrary, the result should be that the Nordic unions lost a key post and, hence, influence in the ETUC, that would further jeopardise domestic union support for European integration, they argued.

Due to effective campaigning and coalition-building, the Nordic affiliates managed to win support from the German DGB and the Spanish UGT, while most of the EIFs unexpectedly abstained from voting.<sup>308</sup> Thus the British proposal was bogged down. One interpretation of the surprising German U-turn might be that the DGB representatives had become increasingly worried about the division of views between the Nordic group and the others that had emerged during the Congress, and once again sought to serve as a bridge between different camps in order to avoid cementing regional cleavages within the ETUC. A further reason might have been that the DGB, with the strategy debate on European collective bargaining in mind, had become increasingly aware of how dependent they were on good relations with the Nordic group in order to balance the "Euro-idealist" camp in the ETUC. With the prospect that qualified majority voting would attain increased importance, the fact that the Nordic and the German group together could form a blocking minority, suggested that the Nordic–German axis might become a durable and important feature of ETUC integration.

### **12.3.3 Assessment and implications of the ETUC 1995 Congress**

The 1995 Congress appeared as a somewhat paradoxical exhibition of the ETUC's persisting difficulties in gaining influence on key aspects of EU integration, on the one hand, and the progress of ETUC organisational integration, on the other.

The Congress represented a notable move towards greater coherence and realism of ETUC policies – a point stressed by many of the delegates whom I interviewed. Compared to the 1991 Congress, the "Euro-enthusiast" ETUC agenda had been replaced by a more pragmatic, cautious and less ideological approach to EU integration. The aim of European negotiations was no longer contested; and, with the statute amendment to organise mandating, ratification and decision-making in bargaining issues by qualified majority voting, a long-standing

issue of controversy within the ETUC had been resolved. Moreover, even the German unions had agreed on procedures for mandating of the DGB in case of European negotiations.

On the political front, ETUC demands were increasingly justified by reference to their possible implications for trade union interests, rather than their contribution to European unification. This reflected lessons drawn in the Maastricht aftermath, but also the change of authority relations which had come to the fore during the strategy debate on European collective bargaining. This change had apparently been compounded by the Northwards enlargement of the Community. Now that Finland and Sweden had joined Denmark as full EU members, the Nordic unions had gained a legitimate say in Community issues and engaged much more actively and confidently in the debate. The earlier division of views on European integration had now become internalised: this, however, increased the diversity of views and reduced the leeway for ETUC promotion of EU supranationalisation.

On the organisational front, it was not only the professional orchestrating of the Congress that hinted at the changes that had occurred since 1991. In the plenary sessions, the new Secretariat leadership was warmly complimented on the modernisation of the ETUC and the improved efficiency. As stated by the new TUC general secretary, John Monks: "Emilio Gabaglio has right to be proud of what has been achieved since 1991. The ETUC has grown in size and strength and our influence on European institutions has been improved." Many of my interview respondents underscored the improved internal confidence, reputation and respect for the ETUC that had developed in recent years. Conflicting views were now dealt with in a more open and credible way, they said, and the practise of qualified majority voting at the Congress signalled a significant step towards a more binding and democratic mode of ETUC integration. As noted by one central ETUC actor, the 1995 Congress marked the transformation of the ETUC from a "veto organisation" to a "voting organisation". The appearance of a more articulated, active and consistent internal opposition, illustrated by the new role of the Nordic affiliates, further implied a sharpening of internal debates and procedures. In the context of qualified majority voting, this contributed to greater transparency of internal power constellations, likely to stimulate further processes of coalition-building and more deliberate accommodation of interests inside the ETUC. As pointed out by one delegate, "the Secretariat was evidently shocked by the efficient way the Nordic group utilised the instrument of qualified majority voting and their capacity to form blocking minority coalitions to gain influence." Previously, the Nordic unions, due to their position outside the EC, had played a marginal role in ETUC policy debates, and the Danes had represented a single voice which could easily be outvoted. Now, however, the emergence of a forceful Nordic group was a feature of the ETUC to be reckoned with.

On the other hand, several continental and Southern affiliates were irritated with the contours of this new regional Nordic block with capacity to halt ETUC policy formation. This was a development that seemed to confirm their earlier scepticism of EU enlargement. Regional block behaviour conflicted with the growing awareness inside the ETUC that national diversity would have to be coped with in a flexible and accommodating way – not by use of "veto

power". As one Italian representative put it, "the Nordics are not convinced Europeans. They lack confidence in the EU and try to export their own model instead of participating in developing a common system."<sup>309</sup> In this view, the Nordic behaviour was seen as a step towards re-nationalisation of ETUC policy formation. Also within the ETUC Secretariat the Nordic behaviour caused concern, but central Secretariat sources stressed that the important positive aspect was the increased involvement of the Nordic members. That they should wish to demonstrate their new-won influence was understandable; through learning and experience, their protective behaviour was expected to change.<sup>310</sup> Similarly, several Nordic representatives warned against "Big-Swedish" aspirations to form a Nordic bloc under Swedish leadership. Both Danish and Finnish representatives thus emphasised that they had voted differently from the Swedes on several central issues and underscored the need for flexible and differentiated coalition-building strategies from the Nordic side.<sup>311</sup> Still, the acknowledgement that the Nordic unions, acting in concert, could exert decisive influence represents useful bargaining capital in future coalition-building. It clearly boosted Nordic confidence and motivation for taking an active part in ETUC development.

True, the 1995 Congress signalled a growing internal division of views on Community integration; moreover, the progress in terms of external goal fulfilment was still very limited. All the same, it seemed as if the ETUC had now come to terms with the political setbacks that had occurred since 1991. In contrast to earlier phases of Community crisis, the member organisations had not turned their back on the ETUC. Having adjusted expectations and shed many illusions about European integration, the ETUC appeared to be consolidated on a more robust and composed basis. Compared with the Euro-enthusiastic 1991 Congress, the 1995 Congress displayed a more pragmatic search for a better-adjusted, more autonomous role of the ETUC as a loyal but critical opposition of EU integration. The member organisations seemed prepared to continue along the established path of integration, having learnt to cope more confidently with diversity and conflicting views. In this sense, we might say that the ETUC had left its juvenile phase and entered a more mature stage of organisational integration.

On the other hand, the 1995 Congress left a somewhat ambiguous impression. As the organisational apparatus of the ETUC had become streamlined and modernised, the discrepancy between the image of a more efficient organisation and the lack of action and influence on real-world developments became more striking. The ETUC seemed as powerless as before, a circumstance that drew attention to the real structural problems of building up trade-union counterforce at the European level. The absence of any tangible movement towards European collective bargaining served to accentuate the prevailing character of the ETUC as mainly a political voice for European labour. The central issues of the Congress concerned which political demands the ETUC should raise vis-a-vis the EU and the upcoming IGC, underscoring how dependent the ETUC was on the general political development of EU integration. Thus, the 1995 Congress left the impression that the progress that had been achieved was more on the surface than in substance. The revival of social dialogue was encouraging,

likewise the dynamics flowing from the EWC directive were encouraging – but the renamed EIFs were as weak and fragmented as before, and the aim of sectoral European bargaining seemed only a distant possibility. The EU institutions had become more willing to talk about unemployment; but, restrained by the EMU programme, the Community in practice did not command the means to do anything substantial. The upcoming IGC implied new opportunities to address the asymmetries of EU integration, but it seemed clear that no significant steps towards supranational political integration were underway. In addition, ETUC affiliates were struggling with political setbacks, rising unemployment and membership losses at national level, leaving them very limited capacity to engage in proactive union policies at the European level.

On this background, the organisational consolidation of the ETUC could not hide the somewhat disillusioned atmosphere that marked the 1995 Congress. The enthusiasm of the 1991 Congress had been replaced by a more prudent realism, and the basis for new integrative leaps seemed weak. While hoping for political change, the European trade unions had no choice but to continue fighting for a more social Europe; no one expected much and everyone seemed to realise that the years ahead were likely to be marked by hard struggle and small steps. In view of the difficult external conditions, however, this appeared to be a more adequate basis to proceed from than the voluntarist approach that had characterised the 1991 Congress.

## 12.4 Post-Congress developments

### 12.4.1 Political issues

Whereas the 1995 Congress had been marked by the Community crisis in the Maastricht aftermath, the ETUC experienced some progress on the external front during 1995–1996. The social dialogue was, as analysed in chapter 10, pulled out of its stalemate by the signing of the parental leave agreement in autumn 1995. In the field of employment policy, the “Confidence Pact” process seemed to signal improved opportunities for promotion of ETUC demands, as did the appearance of the Swedish proposal to include an employment chapter in the revised treaty in the upcoming IGC negotiations. Discussions in IGC preparations over the establishment of a core of basic social and citizen rights in the treaty, together with the rising prospect of including the Maastricht Social Agreement, further contributed to a somewhat more positive outlook for ETUC policies.

Consequently, besides the social dialogue negotiations, ETUC work during 1995–96 was concentrated on influencing Community processes related to employment policies and the IGC. Compared to the previous period, the gradual awakening of the Community policy process provided some external developments which the ETUC could relate to, injecting “some fuel into the engine”. Despite modest expectations, the IGC process thus awakened the same kind of anticipatory dynamics that had previously marked ETUC development. As in the early

1990s, the prospect of treaty reforms opened opportunities for the ETUC to engage in the principle debate about the future political construction of Europe – which again underscored the dependence of the ETUC on the general political development of the Community. Paradoxically, the ETUC seemed to gain vigour during periods of intergovernmental negotiations of treaty reforms, underpinning its role as advocate of institutional reforms at Community level.

As had been the case in 1991, the ETUC engaged in active lobbying and coalition-building to create political pressure on the IGC to overcome the social and political deficits of the Community. In November 1995, a large-scale conference was staged in Madrid, attended by the Spanish EU Presidency and key figures of the so-called reflection group that was preparing the IGC, aimed at stimulating discussion and attention to trade union demands for treaty reform (see ETUI ed. 1996). In lobbying the IGC process, the ETUC sought a more critical approach, making trade union support for further EU integration conditional on the fulfilment of central ETUC demands. Deliberately trying to exploit the credibility crisis of the Community to strengthen ETUC political capital, the ETUC suggested that European trade unions were not prepared once more to support ratification of a treaty that did not redress the asymmetries between economic and political integration in a satisfactory way. As stated by Emilio Gabaglio in the ETUC Executive Committee December 1995, “it was obvious that the ETUC should only support the treaty if it contained acceptable guidelines with regard to employment policy, basic social rights and public services.”<sup>312</sup>

This approach was fuelled by the large-scale French strike actions in December 1995 and the spread of industrial conflict in Germany during 1996 and 1997. The development of a more social Europe seemed increasingly essential for the future popular acceptance of European integration. The ETUC tried to capitalise on these movements and use the IGC process to mobilise members and make the ETUC more visible as a democratic voice for the demands of ordinary people at the European level. The conflict over the proposed shut-down of the Renault factory outside Brussels spring 1997, in parallel with the IGC, added new momentum and enabled a transnational European point-strike, mobilising tens of thousands of trade unionist around demands for a more socially just Europe. Moreover, an unemployment march ending at the decisive Amsterdam meeting of the IGC in June 1997 and several mass demonstrations were staged to impress the final IGC negotiations.

This strategy apparently relied on ETUC recognition that without parliamentary democracy at the European level and as long as the ETUC lacked industrial clout, instances of treaty reform represented one of the few occasions where trade unions potentially commanded some political capital. With some 45 million members and voters in the EU, the view of the ETUC and the national unions might act as an important weight in national processes of ratification and referenda over the revised treaty (Dølvik 1996a: 110–11).

#### *Outcome of the Amsterdam Summit*

In the wake of the Amsterdam Summit, the election of Social-Democratic governments in



France and Great Britain raised ETUC expectations, but the adoption of the revised treaty in Amsterdam did not lead to any significant changes of the prevailing trajectory of EU integration.<sup>313</sup>

The main decision was to go ahead with EMU and commence the admission process of new member countries from Central and Eastern Europe (CEE), but the required institutional reforms were once more postponed, leaving the timetable of admission up in the air. Some adjustments were pursued concerning a more flexible mode of integration; transparency and extension of the co-decision procedure, strengthening the say of the European Parliament. In general, the Amsterdam Summit seems to have buried the idea of a federal European union and consolidated the EU on the path of co-operation between nation-states.

Very little came of the aspirations of France's new Socialist government to redress the restrictive economic policy ingrained in the EMU programme and the Growth and Stability Pact, although a resolution on Stability, Growth and Employment was adopted. In contrast to the Growth and Stability Pact, however, this had no legally binding status and mainly implied a codification of the Essen procedures. Still, the German government finally agreed to the inclusion of an employment chapter in the treaty, embracing employment as an official top priority of the EU. This was indeed a welcome symbolic achievement for the ETUC, but in practice the Community was not granted any new competences in the crucial areas of fiscal policy and employment generation to complement monetary policies under EMU. Provisions to ensure that account is taken of employment in the economic policy guidelines of the Community and the establishment of an Employment and Labour Market Committee may open new institutional arenas for political pressure; however, since the overall economic policy approach remained unchanged, the ETUC saw little progress: "As long as macroeconomic policies have a restrictive stance (...) the labour market policies by themselves can only tinker on the edges of the unemployment problem" (Gabaglio 1997). Still, as frequently underscored in this thesis, seemingly symbolic institutional changes can involve political commitments that, over time, may provide a basis for incremental policy expansion.

Moreover, the Amsterdam Summit implied, as earlier indicated, that the Maastricht Social Agreement was incorporated in the treaty, ending the peculiar situation of having a dual treaty base. The UK also formally declared that it would end the social policy "opt-out" and was allowed to join the proceedings during the envisaged two-year ratification and transition period. However, only a minimal extension of the area for qualified majority voting was accepted (on "social exclusion"), and there was no resolution of the perennial issue of transnational rights of industrial action and basic trade union rights.

In fact, the 1996 IGC concluded at the Amsterdam Summit represented a deception from an ETUC viewpoint. In 1992, the ETUC had declared that a strategic aim would be to ensure that the democratic, social and fiscal flaws of the Maastricht TEU were redressed in 1996. In 1995, as noted above, the ETUC declared that it would support a new treaty only if it contained acceptable guidelines with regard to employment policy, basic social rights and public services. It would appear that none of these demands have been fulfilled. At the time of writ-

ing, no overall ETUC assessment of the Amsterdam Summit has been concluded, but, compared to the situation after Maastricht, roles in the ETUC have now been turned upside down. While many Southern affiliates and the Secretariat are critical of the new treaty, the less-integrationist forces, such as the Nordic and the British, seem fairly satisfied. Since Denmark is the only countries where ratification will be subject to referendum – a country whose unions face strong Euro-sceptical constituencies – the most likely ETUC response is probably once more a critical “yes-but” approach, reflecting the strengthened role of Nordic affiliates in the ETUC and the problem of ETUC in influencing the broader trajectory of European integration. The contrasting views on the new treaty may suggest that the future may see a further accentuation of the distinction in the ETUC between integrationist union forces calling for deepened fiscal and welfare policy integration (mainly situated in the EMU core-countries), and “Euro-sceptical” forces wanting to keep these issues at the national level (mainly situated outside the single currency area).

#### 12.4.2 Organisational growth and constraints

##### *Eastwards enlargement*

During 1995–96, the main organisational development of the ETUC involved admission of new member confederations from six CEE countries: Poland, the Czech Republic, Slovakia, Hungary, Bulgaria and Romania, as decided at the Executive Committee Meeting 14–15 December 1995. Nine new member-confederations, representing in total around 7 million members, were taken on board as full members (see table 12.3 below). Four organisations were granted observer status, while one Romanian applicant was to remain in the wings – the so-called European Trade Union Forum – together with associations from, among others, the Baltic states (Seideneck 1996: 26, LO/TCO Newsletter 18/95).

**Table 12.3 New ETUC member confederations 1996, membership in millions**

NSZZ Solidarnosc (Poland)	1.3
KOZ SR (Slovakia)	1.1
CM KOS (Czech Republic)	2.3
MSzOSz (Hungary)	0.5
LIGA (Hungary)	0.1
MOSz (Hungary)	0.08
Citub (Bulgaria)	1.0
PODKREPA (Bulgaria)	0.5
Cartel Alfa (Romania)	...
AF (Norway)	0.2

**Observer members:**

ASZOK-ATUC (Hungary)

SZEF (Hungary)

CNSLR-Fratia (Romania)

BNS (Romania)

With the affiliation of the Norwegian white-collar confederation AF (April 1996) – eventually followed by membership of the Swedish SACO – ETUC membership had increased to 58 confederations, covering a membership of 53.5 million (Bergans and Grundheber 1996: 310). Moreover, informal negotiations were underway for affiliation of the main French confederation CGT. Many observers have considered the absence of the CGT a major weakness of the ETUC (Turner 1993); now it seems that the problem is likely to be resolved before the next ETUC congress. At its 1995 congress, the CGT left the WFTU; the new CGT leadership is reported to be keen on solving the problems of transition. While the CFTD is positive to the admission of the CGT, the FO still has objections, but “FO can’t any more veto this”, according to central ETUC sources.<sup>314</sup>

However, the Nordic side criticised the ETUC for adopting a too restrictive approach to enlargement, in practice limiting the first stage of the process to unions from the CEE countries that had concluded so-called European association agreements with the EU.<sup>315</sup> The Nordic view reflected that the Nordic unions had taken an active role in supporting the development of unions in the Baltic states, which had been put on the waiting list for ETUC affiliation.

Central aims of the ETUC enlargement policy are, according to an article by the person responsible for co-ordinating ETUC policies in the CEE area, Peter Seidenack (1996), are (1) to assist trade unions in the CEE countries in building up proper trade union and industrial relations structures; (2) to ensure that proper account is taken of trade union interests in the rapprochement with the EU and the incorporation of Community legislation in these countries (ibid.: 26–7). A main task of the ETUC will be to incorporate these interests into its policy and represent them efficiently vis-a-vis the Union’s institutions and the European public. “Considerable problems arise in this context and they will also affect the future of the ‘model of industrial relations’ in Europe and hence the situation regarding the interests of ‘old’ ETUC members” (ibid.: 27). Or as put more directly in an interview with Peter Seidenack: – “the Eastern front will become the real battlefield for European trade unions in the coming decades.”<sup>316</sup> The problems of social dumping and regime competition within the single market will appear minor compared to the social and economic challenges that will occur when the CEE countries gradually become integrated in the European economy. Therefore, according to Seidenack, “the enlargement of the ETUC (...) is no act of charity; it is in the direct interest of the ETUC and its affiliates. Unless there is a close co-operation, co-ordination and common influence brought to bear on decision-makers at both the national and the European level, social rights and social standards will deteriorate and come to contradict

what passes today as the European social model" (Seideneck 1995: 386).

To organise the enlargement process, the ETUC has set up a standing working group on "Eastward enlargement and integration". This is to be complemented by national trade union committees on European integration in the CEE countries, monitored and supported by a co-ordination centre, which in turn will be linked with each other by the ETUC to form a kind of network (Seideneck 1995: 34). These structures are meant to enable the CEE unions to influence the policies of their national governments through the negotiation and adjustment period, and enable the CEE unions and the ETUC to get information, contact and influence on the enlargement policies of the EU institutions. Furthermore, ETUC work in this field has been oriented towards influencing the Commission's PHARE-programme for strengthening the support to social dialogue and the build-up of trade union structures in the CEE countries as an integral part of the integration process (Langewiesche 1996). Although the Commission White Paper on enlargement<sup>317</sup> suggested that parts of EU social policy would have to be installed in the CEE countries during the preparatory period – including health and safety provisions, equal opportunities and the EWC directive – the ETUC has been concerned that the social dimension of the enlargement process has not been sufficiently taken into account (ibid.: 425).

Implementation of the Eastwards enlargement process of the ETUC is by no means a straightforward process. First, due to the fragmented structure and extremely difficult situation of trade unions in the CEE countries (see e.g. *Transfer* 3/95), it is not always simple to assess whether the applicant associations fulfil the criteria for ETUC membership. Second, the CEE organisations lack the resources to pay membership duties and contribute to the work of the ETUC on equal terms with Western affiliates. During the initial membership period this problem has been solved by granting a general 75 percent discount. Membership dues from CEE affiliates have been earmarked for an ETUC "Enlargement Fund" which is to finance all ETUC activities in the CEE countries.<sup>318</sup>

Nevertheless, it is a challenge to ensure that the CEE unions do not become 'second-rate' members of the ETUC, subject to patronising behaviour from Western affiliates – not least because the bulk of ETUC work, committees, meetings etc. is oriented towards EU policies. Already in the restructuring of the ETUC standing committees in 1995, the question of representation from CEE unions came up. While the confederations of each Western country would be granted one representative each, it was noted that "with regard to affiliates from the CEEs, a system allowing for sharing out representation in the various committees will have to be worked out in consultation with the interested parties."<sup>319</sup> During the phase of negotiations on EU enlargement, Community sources can presumably be expected to help facilitate participation of CEE organisations, but this also entails a risk of clientelisation. In any case, the enlargement process can be expected to pose new strains on the already-tight organisational resources of the ETUC.

Thus, third, proper integration of the CEE unions and the establishment of trade union structures in these countries can hardly be envisaged without substantial support from the

Western ETUC affiliates. Fourth, defining which member organisations shall be allowed to take part in which kind of decisions within the ETUC can be expected to raise tricky questions. In view of the official aim that the CEE countries shall, within a foreseeable timespan, be integrated into the EU, tension is likely to be caused by at least two issues: which conditions the existing EU countries shall set for accepting the entry of CEE countries; and whether the CEE unions shall be allowed to vote in the ETUC on matters of EU social policy/negotiations – which the CEE unions will have to comply with in the future.<sup>320</sup> Nor have the demarcations between the ETUC and the global internationals, ICFTU and WCL, been settled in Central and Eastern Europe. Reflecting its special role during the Cold War, the ICFTU has become actively engaged in sponsoring and supporting CEE unions, often in competition and conflict with the ETUC.

Thus it is hardly surprising that several Western affiliates have voiced scepticism and reluctance to the process of EU enlargement, a scepticism reinforced by the ambiguous experience of Nordic enlargement. Unions from countries on the Eastern border of the EU have been concerned about inward labour migration, company relocations and social dumping, while Southern EU unions have feared the emergence of difficult conflicts of interests related to redirection of regional transfers and agricultural policies in particular. Thus, we can note the emergence of a mix of formal solidarity and national protectionism among Western unions, who often use the plea for EU deepening as a pretext for protective policies.<sup>321</sup> Southern unions also have ample reason to fear a weight-shift towards the North and East; in the future, three regional camps might compete for influence inside the ETUC – the South, the East and the North – with the latter unions in a strong position. The ETUC in the mid-1990s may have seemed to have accommodated the increased diversity associated with the Community enlargement of the 1980s and early 1990s, but the 1995 Congress decision to enlarge the ETUC Eastwards re-injected the problem of ever-growing membership heterogeneity with full strength.

### *Organisational constraints*

As a result of the process of recent organisational integration and expansion, the ETUC has, as mentioned, faced structural problems associated with rising ambitions and expectations from its membership, on the one hand, and stagnating sources of revenue on the other.<sup>322</sup> With a level of membership dues at approximately 4 Belgian Franc per member per year – as against 6.4 in the ICFTU – ETUC affiliation is one of the cheapest among international trade union organisations. Combined with the increased level of activity and the new demands caused by the enlargement process, resource constraints of ETUC activity have thus come to the fore. In autumn 1995 ETUC affiliates were informed that budget cuts would be necessary, due to investment in computer facilities, the costly 1995 Congress, and the transitional arrangements for new affiliates from the CEEs. During 1996, ways of reducing staff and reorganising translation services were discussed; as of 1997 the translation services and the internal canteens have been outsourced, alongside continuous attempts to lower personnel costs.<sup>323</sup>

In 1996, the number of Standing Committees was reduced from six to three, partly because of the desire to concentrate ETUC activities better, partly because "it is also essential to rationalise the use of existing resources".<sup>324</sup> The remaining standing bodies were the Social Policy Committee (covering social rights and all aspects of European social legislation); the Industrial Relations Committee (covering social dialogue and European negotiations); the Employment Committee (covering all economic and labour market policies). In these committees the national confederations were allowed nineteen representatives (plus deputies), while the EIFs were granted five representatives (plus deputies). In addition, all member confederations were allowed to send observers on a voluntary basis, paid by themselves. To complement the standing committees, increased use of targeted working groups was envisaged.

Also restrictions on translation of documents have been introduced in recent years. The ETUC has had four official languages – English, German, French and Norwegian – into which all ETUC documents were translated. From 1996, only documents prepared for decisions in the ETUC Executive Committee are to appear in all four languages, while documents for discussions and committee meetings will be available in English and French. The practice of extensive two-way interpretation in ETUC committees and Executive Committee meetings has been continued, since this in fact is facilitated by the Commission.

The ETUC Secretariat has also proposed that the European industry federations should pay dues to the ETUC and help to share the costs of running ETUC-related institutes, but this has been vigorously rejected by the EIFs. In the view of the ETUC and several confederations, the EIFs, having become full members of the ETUC, now benefit substantially from ETUC infrastructure and the services, and should accordingly contribute on equal terms with the confederations.<sup>325</sup> The EIFs, however, maintain that since their member unions, in addition to paying membership dues to the EIFs, also pay dues via the national confederations, such a proposal would mean an illegitimate double taxing of the basic entities of the ETUC. Furthermore, the EIFs suffer from financial problems themselves and envy the ETUC capacity to extract resources through Commission channels.<sup>326</sup>

Although the period since the 1991 Congress has brought significant organisational improvements in the ETUC, signs of strain can be observed. The credibility and capacity of the ETUC Secretariat to organise European trade union activities have been enhanced and the institutional structures of the ETUC have been strengthened, but the capacity and willingness of the constituent units to provide necessary resources and add life to the new structures have not kept pace.

Seen from the ETUC Secretariat, this situation shows that trade unions are not anticipatory organisations, "trade unions are best when they have their asses to the wall" as once put by DGB leader Heinz-Oscar Vetter.<sup>327</sup> In this view, no substantial impetus towards further integration of the ETUC can be expected until the EMU has become a reality. "EMU will create a new consciousness among the affiliates of the need for more trade union integration, in fact, the lay members will call for European action, obliging change", as one Secretariat actor put it.

In addition, the ETUC still has problems in getting real "heavyweights" from the national

unions to front ETUC work at the European level. Although the image and credibility of the Secretariat have been significantly improved under Gabaglio's leadership, the Secretariat is still predominantly composed of relatively unknown trade union *apparatchiks*, lacking a firm foundation in national union power-hierarchies. This puts a brake on Secretariat capacity to induce affiliates to support ETUC activity, and implies that the political authority and weight behind ETUC initiatives on the European scene sometimes appear inadequate. Some of the personnel constraint stems from straightforward reasons such as language and wages<sup>328</sup> but it is probably also linked with lack of prestige, alienation from the Brussels circuit and the social barriers associated with bringing spouses and families abroad. Moreover, during tough times like those European trade unions have been experiencing, national unions are naturally reserved about handing over their best cards to the ETUC.

Also the national trade union offices set up in Brussels are usually run by younger trade union bureaucrats. These offices function mainly as providers of information to domestic unions, besides lobbying for specific national union interests. Few have any mandate to represent national affiliates in real interest intermediation. Thus, in most respects they serve as a kind of trade union *corps diplomatique*. The ETUC Secretariat would of course prefer to see these resources pooled within the ETUC, but on the other hand they complement the work of the Secretariat by maintaining close contacts with national representatives in the European Parliament, the Council and the Commission. In recent years some voluntary efforts have also been made to co-ordinate the work of the national representatives, similar to the UNICE "Committee of permanent delegates". Lacking a firm anchoring in the ETUC structure, however, this has as yet not made any real headway.<sup>329</sup>

One significant new feature is that the German DGB in 1996 set up an office in Brussels. In view of the weight of the German unions, this has caused some concern about bypass-problems in ETUC circles, but in principle it is taken as a positive sign of heightened priority to European issues in the German unions. During the unification period, the German unions turned their attention to domestic affairs, but with the new DGB leadership and the increased pressures German unions have experienced nationally, they seem to have become increasingly aware of the need to engage in developing European trade union co-operation. The 1996 DGB Congress adopted a strongly European oriented programme and, to the surprise of many observers, came out with clear support for EMU. And as mentioned, IG Metall has assumed a more active role both in the EMF – where it has financed a new post as deputy general secretary<sup>330</sup> – and in the ETUC, the IG Metall representative has begun to meet regularly. The recent initiatives of German unions to start information exchange on bargaining issues with neighbouring unions (noted in sections 10.2 and 13) may also indicate a stronger Europeanisation of German unions. The belated engagement of the DGB in the process that led to the European agreement on part-time work may suggest otherwise, but it can also be expected to trigger more active German participation in future negotiations and in ETUC interest intermediation.

Within the ETUC, these developments in German unions are considered very important,

due to the widespread perception that the future of trade unionism in Europe in many respects will hinge on the outcome of the ongoing “existential power struggle” over the German model of social partnership. If the aspirations of many German employers, and apparently parts of the current Government, to scrap the German model and move towards a more Anglo-American inspired model are fulfilled, that would be seen as a major blow to the ETUC aim of defending the concept of a European social model.<sup>331</sup>



## **13 The ETUC, social dialogue and industrial relations at European level 1992-97 - analytical review of Part IV**

### **13.1 Introduction**

As indicated in the introduction of Part IV, we cannot derive the implications of institutional innovations at the European level – such as the 31 October Agreement and the MSA – from the text or from the intentions of their architects. Much depends on how the affected social actors interpret, adapt and respond to the changing frameworks; and this in turn is contingent on changes in the external context in which those institutions are embedded.

The purpose of Part IV has accordingly been to describe how organised actors at European level, with focus on the ETUC and its affiliated unions, interpreted and reacted to the post-Maastricht situation. How did the political and institutional changes at Community level actually influence perceptions and strategies of the social actors? Did the new institutional frameworks encourage further Europeanisation of trade union policies and organisation (in line with the “Euro-optimistic” interpretation), and, if so, in what ways? Or did the new frameworks lead trade unions to retreat from the ambitions of the 1991 Congress of transforming the ETUC into a supranational confederation with bargaining capacity (in line with the “Euro-pessimist” interpretation)?

From the empirical account in Part IV we have seen that the institutional changes flowing from the MSA have had a notable impact on the development of EU social policy and social dialogue, underscoring the close interplay between external and internal factors influencing ETUC integration. The associated ETUC debates on the development of European social dialogue and industrial relations, and subsequent efforts at adapting policies and organisation, have represented a crucial phase of ETUC institution-building. Through these processes, important conceptual clarifications and strategic choices have been made on how to operationalise and redefine the decisions of the 1991 Congress. Although the strategy document on European collective bargaining (1993) failed to attain the status of a “trade union treaty” as once suggested by the ETUC Secretariat, important guidelines and foundations for ETUC development were laid down, shaping the mode of future trade union integration. Followed by the institutional reforms embedded in the adoption of the ETUC “bargaining order” in 1996, these processes have illuminated central dynamics and constraints that are shaping trade union Europeanisation.

In this chapter, I first review the overall implications of the MSA for the ETUC and the development of Community social policy in section 13.2; that is, what has the ETUC achieved in terms of substantial labour market regulation and development of institutional frameworks for European level industrial relations? In view of these external changes, I present in section 13.3 an analytical review of the dynamics and constraints of ETUC integration, focusing on the protracted change in perceptions and institutions of trade union co-operation at European level. In section 13.4, I discuss what the observed changes may imply for the longer-term development of a European system of industrial relations, and in section 13.5 I present some reflections about the contested relationship between union-building and state-building at European level.

## **13.2 Review of the overall impact of the Maastricht Social Agreement (MSA)**

As shown in chapter 10, the MSA has led to considerable changes in the form, decision-making and content of Community social policy, in effect providing the central social partners a historically new co-regulating role at the European level. In the field of Community labour market regulation, a policy-pattern with a distinct corporatist flavour has gradually been put into place (Falkner 1996c), causing significant changes in the relations between the European social partners. In order to live up to the rights and obligations provided to the social partners under the terms of Maastricht, the first Euro-agreements have been signed and the ETUC has been induced to undertake institutional reforms towards greater Europeanisation and more binding co-operation among the affiliated organisations.

These transformations, however, still fall very short of enabling the development of collective bargaining at European level. Neither collective labour law nor organisational will and capacity to develop voluntary European collective bargaining have been established; thus, the social dialogue remains highly dependent on the Community legislative process. Despite various efforts at strengthening the role of social dialogue in broader fields of Community policy, like employment policies, the Community has only limited competences in these areas. This has meant that attempts at developing tripartite European-level political exchange, like the 1996 Confidence Pact, have so far remained fairly ritualistic exercises. Despite significant moves towards a Europeanisation of trade union policies, the slow and patchy development of transnational management-labour relations indicates that the ETUC still has a long way to go before the objective of creating a genuine European system of industrial relations has become reality.

Nevertheless, important co-ordinates and structures for future development have been established. This suggests that the experience of recent years can provide useful insight into the future trajectory of European industrial relations and trade union integration. The main lessons from the empirical account in chapter 10 can be summarised as follows:

\* In the field of *social policy legislation*, the MSA has improved Community decision-making capacity and unlocked the stalemate caused by the UK "veto", most prominently demonstrated by the adoption of the contested EWC directive. However, there has been a notable lowering of regulatory ambitions in terms of the scope, content and form of proposed measures. EU social policy has mainly been occupied with implementation of leftovers from the 1989 Social Action Programme (now almost completed), and a pattern of framework regulation based on subsidiarity, modest minimum requirements and ample latitude of flexible implementation by national governments and the social partners has been firmly established. Increased emphasis is put on co-ordination of national policies and facilitation of convergence by soft means of regulations. Despite the narrow competences of EU social policy, the recent end of the UK "opt-out" and incorporation of the MSA into the revised treaty at the Amsterdam Summit may provide the basis for a more stringent regulatory approach and new legislative initiatives – if the political will is there.

\* The MSA has led to significant changes in the *inter-sectoral social dialogue*. With the extended consultation rights and the new option of "negotiated legislation" has come a new mode of corporatist co-regulation, illustrated by the two framework agreements on parental leave and part-time work. This has bolstered demands of outside organisations for social dialogue participation. The enhanced legislative threat has forced employers into negotiations and prompted organisational integration, especially on the trade union side, where the principle of European negotiations has achieved broad acceptance. Beside the joint objective of defending the acquired semi-legislative role of the social partners in face of the IGC, for employers the main motive has been to dilute regulations. The ETUC has thus had to grant sizeable concessions to achieve the precedent of agreements. The outcomes have been modest, conforming with the pattern of framework regulation based on subsidiarity and flexible, negotiated implementation. It is doubtful that the negotiating path has provided added value in terms of regulatory substance, but it has established a form of regulation which has evolutionary potentials. The central role of lower-level social actors in implementation is likely to encourage greater interplay between European and national actors and systems of industrial relations regulation. The thin legislative agenda of EU social policy, however, gives reason for doubts about the future impetus to this mode of developing European industrial relations from above. Moreover, the problem of democratic legitimacy and representativeness can put a brake on further development, although it can also trigger a reconfiguration of labour and employer organisations and thereby strengthen the dynamics of social dialogue.

\* The probably most important act of EU industrial relations regulation was the *European Works Council directive*. Its adoption was a direct result of the MSA. The Council proved willing to regulate against the will of employers, but attempts to accommodate UK views and induce a negotiated solution led to various dilutions of the directive. Despite the latitude for voluntary agreements and the modest minimum requirements, the directive opens new opportunities, as well as also dangers, for the development of cross-border trade union co-operation and the establishment of labour-management relations in TNCs. Quite a few voluntary EWCs have been established, providing for employee information and consultation rights with central management. This strengthens the potential for more efficient trade union resistance against employers' "whip-saw" tactics, union comparison of working conditions and pay, and possibly the evolution of transnational "pattern-bargaining" in TNCs. Conversely, transnationalisation of industrial relations in TNCs may enhance management discipline of workers and unions, efforts to bypass stronger national systems of participation, and withdrawal of TNCs from national collective bargaining. The EWCs thus represent a great challenge to European trade unions, containing both the threat of fragmentation and the promise of increased integration and extended solidarity. Nonwithstanding, the EWC directive has provided significant impetus to the development of cross-border union networks for information exchange and policy co-ordination, opening the way for a crucial role of the EIFs in securing support, in providing expertise and in establishing union activity in TNCs within a broader framework of sectoral union policy. The prospect that some 40,000 workforce representatives can engage in regular contact with colleagues in other countries and be more tangibly involved in European trade union activity clearly represents a significant source for vitalisation of European trade union integration from below; one illustration is the cross-border strike organised in March 1997 by the workers at Renault.

\* While the MSA has encouraged the top-level Europeanisation of industrial relations, complemented by a stronger bottom-up dynamic via the EWCs, the *sectoral social dialogue* has been marked by weak and patchy development. Without political or legislative pressure to contribute, the sectoral business associations have in general refused to constitute themselves as European actors mandated to engage in social issues. In a few sectors where business associations do not recognise UNICE as the voice of their interests – as in commerce, construction and transport – employers have engaged in social dialogue and in some cases signed agreements. In general, however, sectoral employers have left it to UNICE to defend their interests at the central level, thereby avoiding the risk of sectoral collective bargaining being the strategic aim of the EIFs and the ETUC. The MSA has thus stimulated a centralisation and decentralisation of European trade union integration – but this has left the sectoral level, where collective bargaining and trade unions are strongest at the national level, in limbo. EIF organisational capacity has accordingly remained weak, reflecting both the confederal thrust of ETUC integration and the reluctance of many national industry unions to strengthen European-level bodies. Some impetus to sectoral (ancillary) negotiations may perhaps evolve as spillover from top-level framework agreements, but the most important stimulus for strengthening sectoral trade union activity at European level is likely to come from the role played by EIFs in developing EWCs, networks of unionists in TNCs, and co-ordinating national bargaining, which may put pressure to bear on employers to establish as interlocutors of the EIFs.

\* With respect to *organisational integration*, the MSA has stimulated notable changes, the most important in the ETUC being the establishment of a “bargaining order”. Reflecting the growing consensus on the feasibility of European “negotiated legislation”, this meant a significant clarification of procedures for decision-making, mandating and ratification of agreements, based on the option of qualified majority voting. This has further led to greater involvement of national affiliates in the decision-making process, which would seem to have bolstered their confidence in ETUC policies, but it has also involved a contested demarcation of responsibilities and competences between the confederal and the sectoral pillars of the ETUC. The outcome may be seen as a stronger vertical integration and a certain strengthening of the supranational traits of the ETUC, but the legacy of consensus and dominant control by the national affiliates suggests that a better description would present it as a limited, case-by-case “pooling” of sovereignty, in line with the predominant intergovernmental character of ETUC integration.

In view of the diverse expectations in the immediate post-Maastricht phase, several observations deserve attention:

First, there was no confirmation of the “Euro-pessimistic” prediction that the British “opt-out” would sap the political will of other Governments to make use of the MSA. Neither was there confirmation of the associated prediction – that the Community would not dare to use the MSA to adopt legislation which ran counter to the interests of European capital, providing the employer side an effective “veto power”; this was illustrated by the adoption of the EWC directive. Here the Community proved willing to act as a “third party” of European industrial relations with capacity to influence the balance of power between the social parties in favour of the weaker part – organised labour in particular.

Second, “Euro-optimistic” (and employer) expectations that the MSA would unleash accelerated European legislation and supranationalisation of labour market regulation have not been fulfilled. As predicted by the “Euro-pessimists”, the UK “opt-out” meant a deceleration of EU regulatory initiatives and a watering-down of legislative proposals. The 1994 White Paper on social policy codified an important adjustment of the EU social-policy approach. This implied less hard-core regulation and greater emphasis on defining common objectives and achieving convergence through soft regulation, incentives, recommendations, diffusion

of best practice, combined with flexible implementation and subsidiarity. "Euro-pessimists" have thus been right in predicting that the MSA would not give impetus to development of a comprehensive system of industrial relations and collective bargaining at European level. What is emerging seems to fit better with the notion of a multi-tiered European "regime" of social policy (Teague 1989b, Rhodes 1995), built on a Community-wide platform of social minimum standards and framework regulations, than with a supranational system of harmonised regulation.

Third, the unsuccessful attempt at negotiating the EWC issue demonstrated the ambiguities of European negotiations "under the shadow of law". Aware that the employer side wanted to dilute legislation, the ETUC realised it would be better to opt for legislation, underscoring that, in the end, the chances of reaching agreement depend on the Commission's legislative proposal and the prospect of its being adopted by the Council. The decisive motive behind the subsequent parental leave and part-time agreements was the fact that the parties shared an institutional interest in safeguarding the legitimacy of the MSA and their credibility as social partners. Thus, as in the case of the 31 October 1991 agreement, the anticipation of constitutional Community reform (the IGC) has been crucial; this indicates that developments have been driven more by political desire to influence Community policy than by any economic dynamics stemming from market integration or by the dynamics of the social partner relationship itself. This then raises several questions about the future potentials of central social dialogue. As indicated by the German DGB in the part-time case, the price the ETUC has had to pay for achieving Euro-agreements may well induce trade unions to reconsider their priorities for negotiations. "Euro-pessimistic" scholars have rightly pointed out that important structural prerequisites for supranational collective bargaining are still missing, most striking being the lack of collective labour law, proper sectoral employers' associations and a coherent European state authority with capacity to induce the parties into more regular, binding exchange (Streeck 1995a, Keller 1996). Moreover, as emphasised by Strøby Jensen et al. (1995), European trade unions lack conflictual power and prefer to keep core issues of collective bargaining and union policies within their national purviews. Without conflictual power, European negotiations can easily become degraded to "collective begging" (Blanpain 1992). So far, however, recent developments would not seem to justify the "Euro-pessimistic" denouncement of the MSA as a decisive defeat for organised labour (Streeck 1995b) and a "politischen Leerformel" (Keller 1996). Even though the achieved results are not very impressive, such a view overlooks the fact that the agreements on parental leave and part-time work involve considerable improvements of workers' social conditions in several countries and dismisses the evolutionary potentials flowing from the EWC directive. The fact that European employers' associations and transnational companies have, for the first time ever, entered into international agreements with organised labour represents in itself an achievement unforeseen a decade ago.

Fourth, the struggle over development of European labour market regulation does not conform with a simple model of conflicting class interests between labour and capital. As

pointed out in Dølvik (1993a, b), it involves complex and changing constellations of territorially based cross-class interest coalitions, and outcomes are contingent on "the political resources produced in the interplay among nation, class and institutional structures" (Streeck 1995b: 417). A major dilemma of European labour market regulation is hence to find feasible trade-offs between the interest of high-cost countries in securing sufficiently high minimum standards to offset undercutting social competition, and the interest of low-cost countries to avoid overly strict standards that would undermine their competitiveness.<sup>332</sup>

Accordingly, also capital interests can be assumed to be more ambiguous and divided in their view on European labour market regulation than is often perceived in analyses that refer to the "oppositional stance" of UNICE. Indeed, transnational companies and some individual companies with highly mobile means of production can opt out of national jurisdictions that they find unfavourable, but employers' associations are bound to protect and balance the interests of domestic industries as well. Under certain circumstances they may find it more attractive to try to raise the standards of competing countries by European regulations, rather than getting involved in embattled domestic reform. This implies that employers in European contexts sometimes find themselves at cross purposes, and this can give rise to internal division and political weakness. The fact of disparities in social wages between member-states, but also business interests in preserving political credibility and workable relations with national labour, governments and European institutions, may occasionally lead employer associations to accept European regulations, as indicated by the settlements on parental leave and part-time. Streeck's argument that business may have an interest in "market-braking" policies (1993), aimed at correcting market failures, leaves some scope for European labour market regulation acceptable to business (Pierson and Leibfried 1995b: 456). Hence,

"as with member-states, there is little reason to treat business as monolithic, all-powerful, and relentlessly hostile to social policy initiatives. (...) Depending on the nature of the policy proposal and the decision-making rules under which the policy is developed, the attitudes, cohesiveness, and influence of business groups will fluctuate" (ibid.: 457).

The development described in Part IV might suggest that certain changes in UNICE's approach to European social policy – towards greater pragmatism – have been induced by the interplay between the institutional changes embedded in the MSA; the experience achieved through the first test-cases of Euro-negotiations; the growing contestation of UNICE's representative monopoly and the desire to preserve the privileged political role as social partner. Some organisational reforms have also been pursued in order to equip UNICE with a limited mandate to serve its role as employer organisation at European level. Strøby Jensen et al. (1997) even argue that UNICE has undergone "fundamental change"; Greenwood (1997: 108) suggests that UNICE to some extent has "gone native" – "it cannot help but have been influenced by its own historic participation in all the structures of the European Community".<sup>333</sup>

Thus, fifth, the strengthening of the central social dialogue has been facilitated by its prior

institutionalisation. The social partners have been pushed, by previous choices and commitments, to defend acquired rights and to continue along the path opened by the 31 October 1991 agreement; this suggests that a path-dependent dynamic is at work (Pierson 1995). The actors' organisational reforms and the establishment of tested procedures for negotiation and implementation of agreements have reinforced such dynamics. The opening of new political-institutional opportunities at European level (Marks and McAdam 1996) has (through learning by doing) led to changes in the actors' perceptions and enhanced confidence and involvement in development of European negotiations. Hence, it would appear wise to avoid categorical predictions about the further potentials of European social dialogue and labour market policy. As underscored in chapter 2, multi-tiered systems of governance tend to develop in unpredictable "stop-go" patterns where the dilemmas of shared decision-making involve both the possibility of "joint decision-traps" (Scharpf 1988) and "big bangs" of profound change (Pierson and Leibfried 1995a: 35–36).

Sixth, as discussed in section 10.3, Martin (1995) has suggested that the evolving mode of politically dependent social dialogue has seduced trade unions into a pattern of centralised (and decentralised) integration – that is, at the levels where European trade unions are assumed to have least ability of mobilising industrial strength. However, I find it hardly convincing that European trade unionism would have been stronger at the sectoral level if the Community support for top-level institutions and EWCs had not existed. The predominance of the confederal level in the ETUC reflects a long-standing continuity in European trade union co-operation, reinforced by the reluctance of national industry unions and the absence of credible employer interlocutors at sectoral level. The weak Community "would-be state" has been the only available interlocutor of trade unions, thereby bolstering a political mode of trade-union interest representation most easily pursued at the top level.<sup>334</sup> This conforms with the "logic of influence" assumed to shape Community interest representation (Kohler-Koch 1996, Traxler and Schmitter 1994), as well as with the thesis of Marks and McAdam (1996) that European "challenging groups" adopt organisational forms that correspond to the "opportunity structure" available at EU level. Moreover, although the current form of centralised and decentralised social dialogue have limitations, it can serve as bridgehead for the development of stronger sectoral organisations. The development of cross-sectoral social dialogue and EWCs in recent years has encouraged some employers' associations to take a more active role at sectoral level; it has also triggered EIF efforts at bolstering their role within the ETUC and the social dialogue. The result has been a strengthened position for the EIFs in ETUC decision-making on social dialogue, which in turn may indicate that the institutional frameworks of the MSA have given some impetus to broader trade union integration at European level as well.

Seventh, a striking feature of the evolving mode of European labour market regulation and trade union policies has been its orientation towards accommodation and organisation of the interfaces between the independent, but increasingly *interdependent*, national systems (Streeck 1995a: 41). In such a system – characterised by "fragmented sovereignty", intergov-

environmental policies and economic interdependence – a major objective of European labour market regulation has become to “insulate national social policy arrangements against politically unmediated external interference” from international market-making. Even when accompanied by integrationist rhetoric, Community regulations are usually deeply concerned with protection of national regimes and the stability of the nation-state, thus tending to serve as a “mutual insurance arrangement” between national systems of industrial relations (Streeck 1995a: 42). Typically, Community labour market regulations are legitimised by the aim of preventing undercutting social competition and ensuring a level playing field. This reflects in particular the fact that organised actors in high-cost systems have an interest in closing the gaps in national regulatory systems. Examples of this rationale are the EWC directive, aimed at preventing national systems of employee information and consultation from being bypassed by international management; and the posted workers directive (adopted 1996), aimed at obliging temporary foreign workers to comply with national terms of the work contract. Paradoxically, national actors seem most likely to subject themselves to supranational labour market regulation in the defence of what is left of national sovereignty (ibid.: 54). If this trend continues, the Europeanisation of industrial relations will be driven not by a functional logic of increasing supranationalisation, but by an interplay between European institutions and national actors seeking to protect national sovereignty by occasionally “pooling competences” at the European level.

On the whole, the top-down thrust of European-level social dialogue, combined with the bottom-up dynamic of EWCs (reminiscent of the notion of a trade union wrench-strategy (Dølvik et al. 1990)), would seem to have injected a new dynamic into the process of trade union integration. Hence, in a longer-term perspective it appears reasonable to agree with George Ross, who contends that “social dialogue (...) has moved further than anyone would ever have expected in 1985” (Ross 1995a: 387). It should also be acknowledged that the strategic coalition between the ETUC and the Commission has been essential for gaining recognition for social policy, social dialogue and trade unions as legitimate elements of the Euro-Polity – in itself a noteworthy achievement (Buda 1995). In view of the “democratic deficit”, the involvement of collective organisations of the civil society in Community social policy formation can be also seen as a compensatory channel for democratic voice in the Euro-polity. Although the paper institutions established at Maastricht have lacked clout, the suggestion of Pierson and Leibfried (1995b: 438) that “the institutional actors that the member-states created to make the European union a reality have taken on lives on their own” may carry a certain truth, possibly encouraging further integration in the years ahead.

## **13.3 Dynamics and constraints of ETUC integration**

### **13.3.1 Overview**

The empirical account in Part IV has shown how ETUC integration has evolved as a result of



two interrelated sets of interaction: (1) between trade union actors and other actors in institutional contexts external to the trade unions, and (2) between trade union actors in the internal ETUC context. The former has been dominated by the interaction between the ETUC Secretariat and its employer and EU interlocutors at European level; the latter, by the interaction between the ETUC Secretariat and shifting coalitions of national confederations and European industry federations. The relative influence of supranational and national actors in shaping ETUC policy has differed, depending on whether the context has been mainly external (such as negotiating the MSA and parental leave) or internal (such as the strategy debate on collective bargaining and development of a "bargaining order"). However, we have seen that, while the behaviour of national actors in the ETUC has been influenced by what they perceive as implications of European policies for them in national contexts, these perceptions have been heavily influenced by the different institutional frameworks and inter-union relations at national level. Thus, the particular political kind of European level trade unionism that has evolved has been formed by the interplay between institutional changes at European level (the MSA in the first instance) and unions' deep concern with national institutions of industrial relations. The internal ETUC debates on how to cope with these conflicting influences have encouraged a slow and incremental Europeanisation of union perceptions, subsequently leading to the creation of institutional procedures for handling tensions between European and national actors and between confederal and sectoral actors. This reform process has stimulated learning and been accompanied by shifting coalitions and power relations inside the ETUC. Although this has provided the ETUC with firmer organisational foundations, considerable obstacles to ETUC integration still prevail, due to the diversity of institutions, cultures and interests among the affiliates.

### **13.3.2 The ambiguous influence of Community integration**

The analyses in chapters 9 and 11 underscored how closely European trade union policy formation has been interrelated with, and influenced by, the overall process of Community integration. Community changes have had a significant impact – directly, via the European level, and indirectly, via repercussions from the national level.

In the post-Maastricht period, the changing European dynamics had a twofold effect: (1) as "pull factors" forcing national trade unions to react and develop policy responses (cf. the EMU, the MSA and the EEA agreement); (2) as "brake factors" forcing national trade unions to take greater account of domestic resistance and of the negative implications of integration (cf. the ratification crisis, economic convergence programmes, rising unemployment). Thus, the whole Maastricht process had an ambiguous or two-sided effect on trade union integration: in some respects motivating increased Europeanisation, while in other respects making it more complicated and more contested.

All ETUC affiliates saw the concept of EMU, combined with completion of the single market, as profoundly transforming the frameworks of trade unions, creating a need for closer co-operation at the European level. The prospect of greater interdependency and conflicts

between national bargaining policies seemed to “require” a Europeanised approach in order to prevent trade union cleavages. Thus, as earlier in Community history, the basic impetus to trade union Europeanisation came as a response to *structural change* and perceived *economic imperatives*, in line with a neo-functionalist interpretation. The MSA seemingly opened new opportunities for such action, but the fault lines of the MSA institutional frameworks and devotion to national institutions caused uncertainty and disagreement over how to proceed. Significant, still, was that the anticipated effects of European integration led even “Euro-sceptical” national union confederations to accept the Europeanisation of bargaining as a basic objective. Now the main question became how to do it, and how to overcome the obstacles – which were, basically: (1) the significant institutional constraints at both European and national level; (2) the diversity of national union interests; (3) the absence of an appropriate balance of power and reliable employer counterparts at the European level.

In deliberating their responses, the national actors had to take account of a highly complex set of factors. That some national unions, in view of these hurdles, chose a more cautious approach cannot simply be regarded as parochial traditionalism: it can equally well be viewed as a fairly realistic judgement of the situation.

Moreover, the Community integration process rapidly turned into a “brake factor”, discouraging and complicating trade union integration. The Maastricht ratification crisis highlighted the precarious legitimacy of further European integration among union constituencies. Faced with opposition and divided memberships, national trade union leaders became increasingly concerned with their fragile domestic support, and wished to avoid provoking the membership by launching new controversial initiatives. European employers, as exemplified by Tyszkiewicz’ Luxembourg 1992 appearance, consciously exploited the situation to throw gas on the fire and then retract, further casting doubts as to the concept of European negotiations.

These effects were accentuated by the impact of the national convergence programmes, which several national governments used to justify cutbacks in social expenditure and put unions under pressure.<sup>335</sup> In national unions, “Europe” became increasingly identified with rising unemployment and union hostile policies, further delimiting the scope for new integrative leaps. As strikes and industrial action spread throughout the member-countries, the delicate dilemma of how support for further European integration could credibly be combined with resistance of the policies identified with it – loyalty versus voice – became accentuated. As noted by one of my informants, European trade unions were “trapped by the economic crisis, the problems of German reunification and the Maastricht deadlock”.

However, when the Community machinery gradually commenced working again, after the TEU had been ratified and the MSA was taken in use, the process of ETUC integration slowly regained momentum. The process of Northwards EU enlargement implied greater involvement of Nordic unions in the ETUC, and, as in 1991, the prospect of a new IGC on treaty reform put new pressures on the social partners to accomplish something, underscoring the close relation between ETUC integration and the ebbs and flows of Community political integration.

### 13.3.3 Institutional aspects of ETUC integration

#### *The changing configuration of actors, interests and leadership*

A central factor, complicating ETUC decision-making and policy-formation in the 1990s, has been the complex configuration of actors, interests and authority within the ETUC. This reflects a general difficulty of the ETUC in finding modes of internal interest accommodation that enable efficiency to be reconciled with legitimacy. While the “logic of influence” and the “logic of membership” tend to pull in opposite directions, the precarious legitimacy of European policies remains an issue more urgent than that of effectiveness. At the threshold of controversial and potentially divisive terrain, the maintenance of internal cohesion and consensus becomes of prime importance.

The 1991 reforms had been staged by a coalition of the Secrétariat and confederations from Germany, Benelux and the Southern countries. By contrast, the strategy debate on European collective bargaining reaffirmed the underlying division between a minority of relatively strong and reluctant Northern affiliates, on the one hand, and a majority of more integrationist member-organisations and the Secretariat, on the other. In the “bargaining order” debate, however, the Nordic actors joined with Southern actors and the Secretariat in defending confederal predominance in the ETUC. Discrepant national approaches have thus interacted with a division of views between European industry federations and several national confederations. Most importantly, two of the largest national affiliates – the German and the British – have suffered from limited competences and have been constrained by domestic difficulties. They have been in no position to take the lead and build the internal coalitions and consensus that could create a more predictable climate for ETUC policy formation.

Thus, there have been no lasting coalitions marked by a clear-cut pattern of shared interests and views. Internal actor constellations in the ETUC have rather been characterised by a multi-faceted pattern of cross-cutting views, interests and authorities, reflecting the great economic, cultural and institutional variation that influences affiliates’ behaviour. Internal interest intermediation has been volatile and sensitive to shifting external circumstances (economic conjunctures and Community integration) and domestic changes. Authority and influence have often been defined in a protective way, through the use of veto power, rather than through constructive participation by central affiliates. Development of policies, ideas and institutions has been left largely to the weakly equipped Secretariat, while national affiliates have exerted influence through distant control rather than through stable involvement. Owing also to the fragmentation and weakness of French unions, there has been no stable axis of core actors, like the Franco–German alliance at Community level, capable of ensuring continuity, steadiness and dynamism in turbulent times. On the other hand, this has left room for shifting coalitions of unions from smaller countries to exert influence, as illustrated by the temporary shift to “supranationalisation” at the 1991 Congress, and the resurgence of national control when these reforms were to be implemented.

As I see it, this pattern of instability, which also marked earlier phases of ETUC develop-

ment, reflects the basic structural conditions of ETUC integration: First, given the weak and fledgling character of Community social policy and the absence of credible employer counterparts, national trade unions have had no strong and lasting structural pressure or incentives to invest energy and resources in European structures. Membership interest and attention have therefore fluctuated with variations in Community policy, between activism and retrenchment. ETUC development has accordingly had to be based on a constructivist perspective, founded on the assumption that anticipatory investment in European institutions will become important for preserving trade union power in the future. Since trade unions are usually not proactive but reactive organisations, however, such long-term anticipatory action tends to be temporary, ad hoc and subject to conjuncturally shifting external conditions.

Second, this feature has been aggravated by the collective action problem. Although most affiliates share the view that European-level co-ordination is necessary to defend common long-term interests, short-term considerations of organisational costs and benefits tend to favour minimalist participation in ensuring future "collective goods" at European level (see below).

Third, due to the predominantly intergovernmental character of EU decision-making, national routes for exerting influence have prevailed. Typically, a number of relatively well-equipped national confederations – among others the Swedish, Finnish, Norwegian, French (FO), Italian (CGIL), British (TUC) and recently the German (DGB) – have set up their own Brussels offices to safeguard specific national trade union interests. This, of course, causes irritation as well as envy in the ETUC Secretariat which is struggling to promote collective trade union interests at European level.

However, the existence of such long-term features of ETUC integration should not obscure the fact that the ETUC in recent years has been marked by a *higher* degree of affiliate involvement. Adopting a longer historical view, as argued by the ETUC veteran Peter Coldrick, we find considerable continuity and progress. Under the MSA, interaction has become more dense; mutual ties and relations have been growing; processes of learning have evolved and membership commitment has become stronger.

#### *The changing articulation between European and national levels*

If the institutional frameworks of the 31 October agreement and the MSA were constructs of strategic action and institutional dynamics at the supranational European level, the process leading to the ETUC compromise over European collective bargaining demonstrated the persistent predominance of national forces in shaping European trade union integration.

Among the main actors involved in the process – the ETUC Secretariat, the European industry committees and the affiliated national confederations – the initiative and power to define the terms and outcome of the discussion were turned upside-down, compared to the negotiations surrounding the 31 October agreement. The shift of emphasis and influence did not simply reflect the (vertical) distinction between European and national actors, however. It reflected rather a (horizontal) shift of coalitions and influence among national affiliates,

clearly showing that the scope for autonomous initiatives by the ETUC Secretariat depended on the support and consent of key national affiliates.

In the context leading up to the 31 October agreement, the supranational organisation of the process effectively truncated the ability of national affiliates to control developments. In the subsequent strategy debate, national actors had become alerted and cracked down on tendencies of the ETUC Secretariat to act of its own volition. The ETUC strategy debate thus meant a two-fold demarcation of organisational domains and authorities: (1) between a set of Northern confederations, determined to regain national control over the pace and direction of European trade union integration, on the one hand, and a set of predominantly Southern forces, keen to move ahead with further supranationalisation, on the other; (2) between the national constituent entities, with whom the ultimate control of powers and legitimacy was anchored, and the Brussels-based Secretariat which aspired to extend its capacity to act on behalf of the ETUC.

In addition, domestic rivalry – for example between industry unions and confederations, as in Germany – had an important impact on development at the European level. This further underscored the decisive influence of national actors, sending the clear message that national trade union sovereignty was to be preserved. The process could thus be interpreted as a demonstration of the continuous “intergovernmental” character of ETUC integration.

All the same, such an interpretation gives a simplified picture of the forces at work. No doubt, the most Euro-enthusiastic forces within the ETUC learnt their lesson: they would not be allowed to go any further than what national affiliates at any time consented to. An important question, though, concerns the motives and reasons behind the behaviour of these decisive national actors. To what degree were they simply pursuing interests and strategies determined by domestic conditions (re-nationalisation)? and to what degree did their behaviour also take into account broader aspects of European developments (Europeanisation)?

By posing the question this way we are made aware of an important fact: the Europeanisation of trade union strategies will – virtually by definition – be mediated through national actors, as long as no really independent supranational trade union structures have been constituted. The most relevant feature of ETUC integration is not whether or not national actors ultimately hand over powers to some European structures, but the kinds of changes that evolve in terms of the aims, emphasis, decision-making and institutionalisation of the interplay between national actors in the European context. In this view, national representatives are implicitly also European actors, operating in a dual reality where loyalties, orientations and practices can be understood as a product of accommodation between sometimes contradictory, sometimes coinciding influences from the national and the European level. It would seem to make more sense to focus on the distinction between trade union Europeanisation along a transnational versus a supranational path, rather than on the dualism between European and national developments.<sup>336</sup>

The Europeanisation of trade union policies and structures cannot be conceived in a purely formalistic way. When we see it as a process of institutionalising bridges and linkages

between national and European developments, the less manifest features of organisational integration also deserve attention. The search for ultimate proofs of Europeanisation – in the form of European-wide strike action or the like – runs the risk of overlooking less visible changes associated with the gradually evolving network of social ties and more in-depth discussion within the ETUC, potentially enhancing the capacity for coping with national diversity and advancing common policies.

That said, there should be no doubt that the ETUC compromises on European collective bargaining meant important restrictions on further ETUC integration. They affirmed that co-ordination of national trade union policies remained the primary task, in line with the notion of trade union subsidiarity, while European action was defined as a supplement, mainly aimed at tackling cross-border problems and providing value-added in order to prevent erosion of national systems of collective bargaining.<sup>337</sup> The process clearly demonstrated the reluctance of key affiliates to engage in any far-reaching organisational integration. The compromise pointed towards a restricted, transnational mode of Europeanisation, rather than increasing supranationalisation. As long as an explicit case-to-case mandating from each individual confederation would be required to enter European negotiations, the principle of consensus and implicit national veto rights was guaranteed. However, as affiliates slowly gained some experience with European negotiations, the most sceptical affiliates modified their stance and cautiously consented to decision-making by qualified majority voting – indicating a certain supranationalisation of the ETUC.

#### *Europeanisation and protection of national institutions and interests*

Although steps have been taken towards more binding ETUC co-operation, a persistent feature imprinting on the evolving mode of trade union Europeanisation has been the strong desire to protect the diversity of national institutions and cultures.

It is among the German and Nordic union actors that the influence of national industrial relations institutions has been most pronounced. They have consistently emphasised that a central objective is to prevent European collective bargaining from disrupting or undermining national practices. To the extent European action is required, an important goal is to protect national systems from erosion by foreign competition. Recognising that increased market integration and EMU will delimit the scope for national negotiations, these actors have increased their involvement in European trade union policies with the explicit aim of raising standards in competing countries.

Similarly, the initial Nordic preference for European legislation was rooted in the perception that this would have more predictable implications for national industrial relations systems than European negotiations. Insofar as European negotiations would be accepted, the confederal path was preferred because this was seen as most compatible with traditions in the Nordic countries. The German unions, for their part, have favoured independent sectoral bargaining because this fits best with national practices.<sup>338</sup> And in both cases the national approaches were conditioned by domestic demarcations of authority. In Germany, dominant

industry unions cracked down on moves that could enhance DGB power, and the Nordic confederations explicitly warned that sectoral Euro-bargaining could aggravate domestic erosion of central authority. In this sense, the most controversial issue seemed not to be whether European action was desirable or not, but which national actors should control European developments and thereby bolster their domestic position. Thus, it was not simply a matter of national institutions shaping the actors' strategic responses: also intra-national power relations played an essential role (as suggested by Moravcsik 1993).

Similar features can be observed in the approach of more Euro-enthusiastic national actors. The British TUC has favoured an approach that could enhance national ancillary bargaining in order to bolster the role of British unions at home and circumvent the British "opt-out" from European legislation. The Belgian, Dutch, French and Italian unions are all familiar with politicised negotiations, and have seen no major threats to national traditions in the MSA concept of European negotiations. On the contrary, as in the British case, they have hoped that the Europeanisation of negotiations would force the stronger national unions to serve as locomotives for raising domestic standards and give renewed impetus to national bargaining. Such an effect was seen as less likely if the legislative path were to be chosen.

The varying trade union views on choice of regulatory instruments at the European level also showed how national responses have been heavily influenced by the economic situation in each country and the national strength of trade unions. While national unions from economically weaker countries and unions with deteriorating strength at home have seemed generally in favour of European negotiations (national "push forces"), unions that still benefit from relatively strong national positions have seemed less attracted by the idea of spending bargaining power on pulling the whole "Euro-train" of trade unions (national "brake forces").<sup>339</sup> The latter have thus repeatedly argued that "it is an illusion to regain at the European level what is lost nationally" and "that the chain of European trade unions in collective bargaining will not be stronger than its weakest link".

Such arguments can be perceived as a biased "truism", reflecting particular national interests. For Northern "high-standard" unions this is evidently the case in the short term, but for Southern "low-standard" countries the argument is questionable. While the Northern unions have explicitly argued that Euro-bargaining could unleash a levelling-down process, the Southern unions have argued it would mean upward convergence. In a sense they could *both* be right, depending on the time perspective. From a Northern viewpoint, European legislation would be most efficient in establishing a social platform as well as in preventing social undercutting in the short term. This implied that Northern unions would not have to spend resources and bargaining capital on European regulations which could be left to the politicians – underscoring the problem of "pooling unequal resources" (cf. chapter 2, Ebbinghaus and Visser 1994).<sup>340</sup>

Thus, if the situation is perceived as a classic collective-action dilemma, a conflict can be traced between short-term and long-term interests. In the longer term, Northern "investments" in the bargaining power of Southern unions can be interpreted as the pursuit of

rational self-interest. The problem is that the returns in the short term are likely to be negligible or negative. In a situation where also the stronger Northern unions have been struggling to defend domestic positions, such short-term considerations have tended to outcompete the demands of the future.

The initial German approach to European negotiations could be interpreted as an intelligent response to this dilemma. By arguing for the build-up of veritable transnational collective bargaining on an independent basis, requiring improved legal frameworks, strengthened trade union "*Durchsetzungsmacht*" and evolution of currently non-existent employer interlocutors at the sectoral level, the German position was in a sense unassailable. The problem, however, was that such radical demands seemed fairly unrealistic at the current stage, pushing the issue into an uncertain future. In this sense, the German approach, degrading the available options within top-level social dialogue under the MSA, could in fact be seen as a way of preventing the possible by demanding the impossible without invoking national arguments: "As long as there's little in it for us, we won't bother."<sup>341</sup> In recent years, however, the economic situation in Germany has deteriorated, weakening the position of German unions; and with this, a greater interest in developing European policies and transnational co-ordination can be traced. A similar tendency can also be observed among Swedish unions.

Clearly, the different national approaches to trade union Europeanisation have been heavily influenced by variations in national institutions and the expected costs and benefits of European policies for national unions.

#### *The interplay between external and internal institutional change*

A central lesson to be drawn from ETUC integration in recent years is that European institutions play an important role in shaping and directing outcomes. The debate on Europeanisation of collective bargaining was, as we have seen, triggered by the institutional reform of the 31 October agreement and the MSA, while institutional reforms of the ETUC were prompted by the implementation of the MSA.

The MSA provided one way to proceed that was biased towards top-level "corporatist" negotiations under the "shadow of law", making sceptical actors realise that they could no longer credibly ignore the discussion. They were forced to come up with alternative concepts and strategies, which in the end meant that priority was given to independent sectoral, collective bargaining – not as a substitute, but in addition to the MSA concept of top-level social dialogue. Paradoxically, this pointed towards exactly the kind of Europeanisation that UNICE had wanted to offset by agreeing to the 31 October agreement: evolution of sectoral bargaining. Thus, on paper the European institutional reforms triggered the development of new concepts and strategies on the trade union side, but as yet these have come to little. In practice the actors have chosen to follow the path opened by the MSA.

The process of intermediation between national actors with differing perceptions in the ETUC has, in my view, gone beyond facilitating lowest common denominator compromises. The organisational reforms and the aim of European collective bargaining adopted at the



1991 Congress altered the basis for discussion within the ETUC. The "burden of proof" was put on those actors who wanted to reverse the process, and in practice it had become illegitimate to argue openly against Europeanisation of bargaining. Reluctant actors, finding themselves pulled into the process, had to come up with new arguments and activate themselves if they wanted to change or halt the process. Significant thus have been developments like the comeback of IG Metall, the increased involvement of Nordic unions in the ETUC and the heightened seriousness of ETUC discussion. This has surely also reflected the fact that in the ETUC Secretariat a new leadership, with greater personal authority and capacity of action, had been installed. A committed leadership with capacity to achieve the 31 October agreement would evidently be capable of forging ahead in other areas as well – and this meant that national affiliates would have to evince greater involvement to regain influence and maintain control.

Although the actors brought with them firm national conceptions and preferences about how Europeanisation might possibly be achieved, the process and outcome suggest that there has been a genuine exchange of interpretations, views and understandings. The actors have become involved in a mutual learning process that has led to a transformation of concepts and strategy as well as of organisational forms of co-operation. Moving slowly and accompanied by power struggle and use of force, the process of change has exhibited several significant features.

First, national actors have been spurred to acquire information, to study what is actually going on at the European level and to develop more coherent national approaches and proposals. They have had to reflect about the actual functioning of domestic systems and the implications of different alternatives of European action.

Second, in order to ensure legitimacy and support at home, these processes have required broader participation and foundation of European discussions. When EU issues started touching on the core of national industrial relations, not only headquarters diplomats, but also collective bargainers in individual unions have been pulled into the process.

Third, and perhaps most important, national union leaders have been forced to involve themselves in serious exchange of views with colleagues of other nationalities about something more than purely political resolutions. They have had to enter into problem-solving communication about potentially far-reaching transformations of European and domestic institutions and practices. As a byproduct of this process, there have emerged a deeper understanding of the diversity of cultures and traditions of industrial relations in member countries; a realisation of what the challenge of unity in diversity actually demand, if taken seriously; and recognition of the need for clarification of concepts, language and procedures for interaction within the ETUC. In the face of issues and conflicts with potentially great strategic impact, disagreement could no longer be solved by ignoring or neglecting it: one had to learn coping with conflict in a credible way. True, the outcome has not represented any great leap forward, rather a step backward, in terms of the visionary 1991 Congress. In my view, however, these changes in the ETUC reflect deepened awareness of the issues at stake, the magnitude of the

problems and the necessity of acting in accordance with transparent and mutually accepted principles.

Consequently, fourth, there has come heightened awareness about the need for proper institutional foundations and clear-cut procedures for formulation of claims, negotiation, delegation of mandates and ratification of European agreements. This has bolstered confidence between the actors involved, and rendered the outcomes of ETUC decisions more legitimate than before. After the great "Euro-visions" of trans-border proletarian solidarity embraced by the 1991 Congress, this return to the practical organisational problems of the ETUC can be seen as an important "reality orientation", not least for the ETUC Secretariat. The increased emphasis on organisational procedures was a result of the "fuit en avant" strategy that had evolved at European level; it implied recognition of the fundamental need to secure genuine trade-union democracy at European level.

Some of the keenest proponents of European trade union integration have perceived this as a pretext for stepping back, and a sign of re-nationalisation. Nevertheless, it has meant a necessary consolidation of ETUC co-operation and a demarcation towards unfounded supranationalisation which would certainly have caused severe schisms in the ETUC. The collective learning process that evolved in the ETUC during the post-Maastricht crisis indicated a healthy turn from "Euro-idealism" to "Euro-realism"<sup>342</sup> (or pragmatism, as suggested by Gobin 1996), which eventually brought about a transformation of trade union institutions of co-operation as well. In that sense, ETUC integration in recent years has conformed with a "two-steps-forward-one-step-back"-pattern.

This assessment can be seen as overly positive. First, the adjustment of the ETUC approach was underpinned by fairly tough use of force (cf. the German power-play). It was far from a harmonious pedagogical act of open reflexive discourse, it was a process marked by "trial and error" and the threat of sanctions from key actors. On the other hand, I would say that revaluation and redefinition of power relations are natural and indispensable elements of real organisational learning and change. Trade union encounters are not seminars of "free spirits": trade unions are authority structures where learning and change is inherently associated with exposure and change in power constellations. It might not be exaggerating too much to argue that the language of power is the only common cultural concept of communication within trade unions — at the end of the day, it is size, strength and resources that are the decisive arguments. Therefore, developing realistic organisational strategies requires an adequate understanding of the configurations of power and conflict within the organisation; otherwise implementation can never succeed. In this sense, the increased ingredient of power-play affirmed that ETUC developments had become more important to the affiliates, the stakes had indeed been raised.

#### *Cultural and ideological obstacles to ETUC integration*

ETUC integration has also been slowed down because of communication difficulties between actors rooted in different trade union legacies.

The wide range of inherited patterns of beliefs, ideologies and concepts among ETUC affiliates has complicated the development of common perceptions and understanding. Although much learning and rapprochement have taken place, cultural obstacles have restrained the process and accentuated the need for what Emilio Gabaglio characterised as an "evolution of minds" (cf. section 9.7.6). This is not simply a matter of language barriers (which are also important), or explicit differences of views, but of implicit habits, codes of conduct and concepts of trade union practice and identities which assign different meanings and symbolic importance to seemingly similar phenomena.

On the conceptual level, different perceptions of the interrelations between collective bargaining and political regulation created great confusion in the initial phase. Typically, British actors (unfamiliar with any sort of "concertation") and German actors (accustomed to viewing "*Tarifautonomie*" as almost sacred) found it difficult to come to grips with the notion of "negotiated legislation". For the Germans, this had negative associations with "etatism" and "corporatism", whereas most Latin and Benelux actors saw it as a fairly natural way of proceeding. The strategy debate also showed that the "common" concept of collective bargaining was in fact associated with distinctly different meanings in different countries. When the ETUC Secretariat used the concept of collective bargaining as synonymous with social dialogue, this gave rise to confusion and opposition – especially in German unions, in whose eyes social dialogue belonged to an unknown fuzzy reality and collective agreements were associated with legally binding "*Tarifverträge*" over pay. Thus the political concept of the role of trade unions as enshrined in the MSA caused unforeseen controversy. An important effect of the subsequent ETUC debates was to clarify and make explicit such sources of misunderstanding and disagreement, helping to provide a better basis for common discussion.

At the ideological level, diverse conceptions of European integration have continued to spill into the ETUC process of policy formation. In ETUC contexts, different historical legacies associated with Community integration seemed to have become more salient than distinctions along religious and political dimensions. After the 1991 ETUC Congress, some actors apparently viewed European collective bargaining as an aim with great symbolic attraction in itself (the "Euro-idealist" wing). Others stuck to a more instrumental approach (the "Euro-pragmatic" wing), while some – for example, the Nordic unions – wary of provoking domestic constituencies, have been instinctively sceptical of steps towards deeper European integration. Beneath the consensual surface and plea for unity, tension has persisted between "deepeners" and "wideners", accentuated by the Danish No-vote in 1992. Among several confederations of the founding six countries, disenchantment has repeatedly been expressed over the way "little" Europeans from original EFTA countries have held back integration. Alluding to the cleavages during the formative years of the ETUC, several of my respondents suggested that a two-speed approach to trade union integration can become necessary, distinguishing between unions from core-countries, committed to EMU and political "deepening", and the more reticent periphery countries. It would thus seem that the historical distinctions between "insiders" and "outsiders" of Community integration have continued to influence ETUC development.

The varying union legacies have also accentuated the issue of legitimacy. In the Maastricht aftermath, the keenest advocates of trade union integration considered that the principle issue of mandating and democratic legitimisation of European negotiations had been solved at the 1991 Congress: now the question was operationalisation. The Nordic and German actors, however, reopened the debate by focusing on the fragile democratic foundation of European negotiations. As soon as the debate on European collective bargaining spread into the member-unions, the great symbolic importance attached to the preservation of national trade union identity and bargaining sovereignty came to the fore.

In this light, Nordic actors have often distinguished between a Latin trade union culture and a Northern one. The Latin representatives have been regarded as more centralist and less concerned with the democratic legitimacy of European policies than the Nordics, who have been consistently worried about ensuring the legitimacy of European policies within their home constituencies. On the other hand, the initially timid approach of the Nordic minority, marked by frequent references to domestic situations and the need to respect the Nordic model, often bluntly expressed, tended to irritate their Southern colleagues. Beside an overly nationalist orientation, the Nordic approach represented in their view an arrogant attitude, demonstrating lack of respect for the customs of fellow unions. Nordic actors often expressed concern that Latin affiliates would not be able to ensure compliance with European agreements – a point not particularly popular among Southern actors, who rightly saw this as an expression of distrust. For their part, the Nordic actors, located at the fringe of the integration process, feared that their views would not be properly taken into account. They did not have confidence in the organisational style of the Latin forces who dominated European trade union and social policy affairs. This distrust had been fuelled by the unsatisfactory handling of the 31 October agreement and the way the Nordic unions had been overrun at the 1991 Congress. It also reflected the fact that the Nordic actors felt alienated from the culture of “wheeling and dealing” in the Brussels networks and the “Euro-jargon” characteristic of such European arenas. To be sure, Nordic trade union leaders were well accustomed to backstage dealing at home – but with an inadequate command of several foreign languages and unfamiliar with the intellectual and rhetorical discourse of many Southern colleagues, they could not tune into the cultural codes and make themselves heard.

Presumably much owing to language problems, such cultural barriers have been reinforced by the simple fact that most national delegations tend to go out as a national group to eat, drink and relax after the formal meetings. Thus the indispensable informal accommodation between leadership actors has been hampered, while experts and *apparatchiks* with a better command of foreign languages find it easier to engage in cross-national socialising.

Although it was the Nordic actors I got to know best, I have the impression that such mechanisms apply to other national actors as well, seemingly unrelated to domestic size and strength. The feeling of uncertainty and lack of control over events has slowed down the process of policy accommodation and encouraged protective behaviour. Perhaps surprisingly, German actors seem to be subject to the same kind of mechanism. Their possibilities for interaction are limited

due to the paucity of German-speaking colleagues. Despite their organisational strength, German actors often seemed isolated in ETUC contexts, falling outside the web of social and cultural networks among the Latin, British, Benelux and Nordic trade unionists.<sup>343</sup>

In consequence, ETUC integration has been hampered by the difficulties of bridging cultural cleavages and building up mutual trust and identification with common institutions and policies. However, in recent years, greater ETUC attention has been paid to such cultural obstacles to integration. As described in chapter 12, increased priority has been given to building common institutions of training, and to the aim of creating a European trade union culture and identity. The growth of union networks in transnational companies associated with the EWCs has strengthened such tendencies. Moreover, the experience with European negotiations and the process leading up to the establishment of the ETUC "bargaining order" in 1996 have evidently brought greater confidence and mutual understanding into ETUC work. Through these processes, the ETUC Secretariat learnt important lessons about organisational procedures. The distrust felt by Nordic actors gradually withered as they became more involved and began to achieve greater influence. Nevertheless, cultural barriers, diverging views on EU integration and conflicting concepts of the role of the confederal versus the sectoral pillar of the ETUC have persisted, a diversity which is likely to increase as a result of the ETUC's Eastwards enlargement.

#### *Micro-sociological features of macro-sociological change*

An interesting feature of recent ETUC development has been how seemingly big issues of social change have been mediated and at times decisively influenced by micro-sociological processes and personal action.

The network of those involved in the practical ETUC work on social dialogue comprises a fairly limited group of key persons. Throughout the strategy debate on collective bargaining they interacted through various meetings, working groups, conferences and informal settings. Not only did this enable learning and accommodation of views, the participants also developed a sense of engagement, interest and commitment to the process of problem-solving. Despite their conflicting views, their identification with the common project seemed to indicate that the search for a livable solution for everybody was what guided the final accommodation of views. It was important to pursue national positions, but not to the extent that this interfered with a joint solution; in other words, the need to take account of the credibility and consistency of the ETUC delimited the scope for unilateral action. The German actors came close to this limit; indeed, and it could seem that they went too far at one point (when the TUC representative exploded and threatened to walk out), but then they immediately softened their attitude and agreed to amendments to ensure consent from Southern and British actors.

After the actors had started with apparently irreconcilable maximalist positions, a step-wise convergence towards a mutually acceptable compromise evolved. As suggested by Strøby Jensen (1995), with reference to the negotiations of the 31 October 1991 agreement, an

important feature of such European processes has been the shared awareness that all national representatives are restrained by domestic constituencies. Thus, a kind of tacit two-level "trial-and-error" negotiations evolved, where it was crucial to test out and find solutions where no one was forced to say "stop, I won't be able to sell this at home, I will have to leave".

Central to this mechanism is respect for the honour of other actors and not humiliating their positions.<sup>344</sup> Inter-personal norms of conduct like these have important institutional implications since they restrain misuse of power inequalities. The other side of the coin, however, is that there are limits to how far national representatives can go in using domestic concerns as tactical "*Scheinargumente*". It is unacceptable to abdicate from discussion by simply presenting pre-given national positions or preferences – which also reflects the fact that such behaviour implies weak national leadership. Indeed national leaders sometimes seem loath to use domestic arguments even when these are real – presumably either because European compromises can be used to gain acceptance for domestic change which would otherwise not be achieved (cf. the DGB and TUC, which have wanted some say in bargaining at home), or because it would be self-defeating in the reiterated game of "give-and-take" in European fora (e.g. the DGB representatives did not dare to block ETUC approval of the 31 October agreement, despite clear instructions from home to do so). With the privilege of hindsight, we may conclude that the German, British and Nordic union representatives have moved further in supporting social dialogue negotiations than the initially hostile reactions of domestic constituent units would have indicated. Subsequently this has also led to reforms of national decision-making associated with mandating of the ETUC.

Consequently, it seems that the inter-union negotiations and intermediation within the ETUC add a genuine European effect, partly due to such micro-sociological mechanisms, partly due to learning processes. This suggests that European processes cannot simply be conceived as outcomes of the rational pursuit of given national preferences. Debates in European fora influence the perceptions, preferences and loyalties of the actors. Moreover, organisations act and are shaped and reshaped through personal action, and trivial organisational factors may have considerable impact. For instance, it seemed puzzling that the German trade unions (the largest and probably most powerful union movement in Europe at the time) was taken so totally by surprise by the 31 October 1991 agreement and had to use so much energy and power to regain influence on ETUC policy formation. In fact, the real reason was fairly trivial. The person assigned to join the Social Dialogue Ad Hoc Group did not have the time and did not consider it important, so someone else from another department of the DGB attended instead. As a result of this circumstance and the execrable communication procedures within DGB headquarters, key actors in the German unions never got informed and involved. In the end, these basically trivial organisational ad hoc decisions and circumstances meant that the DGB's decision on whether to accept the Maastricht TEU and the Social Protocol became subject to disarray and confusion.<sup>345</sup> This is of course pure speculation, but if persons from another department of the DGB had gone to the negotiations, the outcome might have been very different – including the possibility that the Social Protocol

might never have been created the way it was.

Such examples should remind us that seemingly large institutional transformations are made possible by decision-making that sometimes fits better with the concept of "garbage-can" than grand strategic design (Cohen et al. 1972).

### 13.3.4 ETUC development in the 1990s – summary and conclusions

The first half of the 1990s can stand as a period of growth and consolidation of ETUC integration. Membership continued to expand along both the occupational and the territorial dimension, most conspicuously shown by initiation of the Eastward enlargement process. Internally, significant steps were taken towards organisational reform and institutionalisation. The leadership role of the Secretariat was strengthened and the functioning of the ETUC became more streamlined and modernised. This served to improve the credibility of the ETUC both internally and externally. Notable steps were also taken to develop common practices of research and education, aimed at enhancing the evolution of a European trade union identity and culture. "There is, therefore, now solidly in place a 'superstructure' for European cross-national labour movement collaboration" (Turner 1995: 25).

Still, the progress achieved in terms of organisational development was not matched by corresponding progress on the external front. Improvements could be noted with regard to top-level social dialogue and the development of trade union networks in multinational companies, but no major breakthroughs were achieved in the decisive fields of EU employment policy and European collective bargaining.

Thus, the first half of the 1990s was in many ways an organisational "catching up" phase of European-level trade unionism. The ETUC had been organisationally unprepared to cope with the relaunch of the EC in the mid-1980s, but during the early 1990s it developed structures and institutional frameworks that were more adequate for coping with the new context. The formal prerequisites for a Europeanisation of trade union policy were gradually evolving; what was still missing was the necessary industrial and political clout to overcome the structural constraints of Community political and economic development. Whereas the "*perestroika*" conducted from above led to the establishment of more appropriate superstructures at the central European level, the foundations for development of "borderless" solidarity from below were not yet in place.

The bolstering of the ETUC's role has not been underpinned by a corresponding strengthening of the European industry federations and has thus accentuated tensions that have prevailed between the confederal and sectoral actors of the ETUC. If a closer trans-border co-ordination of collective bargaining evolves under the EMU, ETUC affiliates will face contentious strategic choices with respect to the appropriate level for such a development. It seems, however, that the ETUC is now better prepared to ensure that such choices are made within a framework of negotiated, central ETUC co-ordination.

A striking feature of the evolving pattern of European trade union integration has been its close conformity with and dependence on the emerging regime of EU social policy. In con-

trast to the official ETUC aim of developing autonomous trade union counterpower, European trade unions have had virtually no capacity to mobilise trans-border mass action or industrial conflict. While the European point-strike at Renault (March 1997) suggests that such capacity is most likely to evolve in the context of European Works Councils, there has been no sign that capacity to launch trans-border industrial action is developing at the sectoral or confederal level.

In recent years the ETUC has revived the earlier tradition of staging mass demonstrations and political rallies in the streets, targeted at EU political institutions. The European Action Day, 2 April 1993, also involved symbolic work stoppages, but the character of this kind of mass action has underpinned the predominant political orientation of European level trade unionism. As a "challenging group" of European integration, the overall rationale of the ETUC has been to function as a *political voice* for European labour towards EU institutions and to influence Euro-politicians rather than employers. In this sense, the growing activism of the ETUC shows a closer resemblance with the French tradition of political actionism, than with classical forms of organised industrial strength. The similarities of the evolving form of European-level trade unionism with the legacy of French unionism are reflected in other central features of ETUC integration as well. Here we may note: the dependence on the fledgling Euro-state, the policies of which it has persistently tried to influence by entering into symbiotic relations with the (formerly French-dominated) Commission; the associated priority given to the top level and the decentralised company level, where the practices of information and consultation made possible by the EWC directive resemble the model of management—labour relations in the French Comité d'Groupe; the similarity of European negotiations with the French tradition of concerted regulation and politically induced orientation agreements rather than traditional collective bargaining; and the weak and fragmented sectoral level, where union power in most European countries has been located. It may seem paradoxical that the emerging form of trade union Europeanisation conforms more with the French pattern of trade unionism, which in recent years has been considered to be in deep crisis, than with the stronger type of industrial unionism prevailing in the Northern countries. However, in view of the thesis presented in chapter 2, that European interest organisations tend to be shaped more by their "opportunity structure" at Community level than by their national origins, this is hardly surprising when we consider the durable French legacy and recent dominance in the Commission which has been a central instigator of ETUC integration.

Despite recent signs of a more actionist approach, the ETUC underwent in political—ideological terms a process of adjustment during the early 1990s. Groping steps towards a federalist concept of integration at the 1991 Congress were replaced by a turn towards a more pragmatic and cautious approach to Community integration and to ETUC integration. The ETUC continued to demand extended Community competences in the field of social and economic policies, but trade union demands were increasingly justified by their instrumental value for promotion of trade union interests. A more conditional approach to EMU and EU



integration in general could also be observed, suggesting that the ETUC was moving towards an adjusted role as a loyal but more critical supporter of European integration. Neither did the organisational ETUC reforms point towards a supranational mode of trade union integration, but acted to safeguard the decisive role of the constituent national entities in shaping and controlling ETUC integration. However, through clarification of the division of competences and decision-making procedures, affiliates developed greater confidence in the ETUC, and this facilitated agreement on steps towards a more binding mode of co-operation at European level.

On the other hand, this turn from "Euro-idealism" to "Euro-pragmatism" accentuated the internal diversity of views on European integration and brought to the fore potentially significant dividing lines. This was associated with the entry of Finland and Sweden into the EU. The greater confidence and involvement of the Nordic affiliates in debates over EU integration reduced the latitude for ETUC promotion of further supranationalisation. With strong anti-EU opposition at home, the Nordic affiliates have been reluctant to accept any political deepening of the EU – and this has occasioned resentment among several Southern and continental affiliates. Combined with the Eastward process of integration, this might indicate that a shift of authority and political focus towards the North and East within the ETUC can evolve; if this happens, it would seem likely to cause concern among many Southern and continental affiliates. However, it may also be that the greater dependence on Community policies and the associated increased involvement of the Nordic affiliates in ETUC policies will influence their perceptions in a more integrationist direction. A more integrationist attitude can clearly be observed in the Finnish case, although the "Euro-sceptical" predominance in the Swedish and Danish unions makes this less likely for the other two Nordics. Nevertheless, there is no strong support for the formation of a definite Nordic block, neither among the Finnish nor the Danish unions.

The move towards greater use of qualified majority voting in the ETUC may also stimulate changes in the constellation of power within the ETUC. Both in the strategy debate on European collective bargaining (1992/93) and at the 1995 Congress, an issue-coalition could be observed between the Nordic and the German affiliates, but the emergence of a stable Nordic–German axis seems unlikely. As to Community policies, the German unions naturally coalesce with the more integrationist ETUC forces, and on the important question of the role of the EIFs in the ETUC, the views of the DGB and the Nordic affiliates diverge. Considering also the withering of the alliance of Latin and continental actors that forged the decisions at the 1991 Congress, the ETUC still seems to suffer from a lack of member organisations and coalitions that can take the lead and ensure consistency of the integration process. Accordingly, the role of the Secretariat as driving force of the ETUC has been reinforced in recent years, bolstered by the efficient and respected leadership of the current general secretary.<sup>346</sup> In consequence, even from a "Euro-optimistic" point of view, the Europeanisation of trade unions has been insufficient to match the ETUC ambitions: "Damit die Gewerkschaften als soziale Gewährsmacht in Europa handlungsfähig werden, müssen sie über ihren nation-

alen Schatten springen. (...) Die Ursache für den unterentwickelten Stand gewerkschaftlicher Euro-Politik ist darin zu sehen, dass die Gewerkschaften noch zu sehr im nationalen Denken und Handeln befangen sind" (Jacobi 1995: 285).

In view also of the growing membership heterogeneity, it remains an open question whether a core of organisations capable of adopting a more consistent leadership role in the ETUC will emerge. If not, a more differentiated pattern of integration might be envisaged, but most realistic seems a continuation of the existing model, in which much will hinge on the capacity of the Secretariat to serve as engine of ETUC integration. Signs of a deeper involvement of the German affiliates might hint at a more important DGB role, but this seems questionable, because of the critical domestic situation in Germany and the limited power of the DGB. The strengthened leadership in Britain's TUC, combined with the new Labour government, might also herald more active TUC participation, but the complicated domestic situation of British trade unions seems likely to continue to restrain TUC aspirations at becoming a really powerful European force. Combined with the growing diversity of interests, views and strength among the affiliates following from enlargement, the most plausible scenario would seem to be a continuation of the established pattern of shifting and cross-cutting coalitions, unless some pioneering external event should bring about a radical change of course among central affiliates.

In chapter 2, reference was made to the assumption of Olsen (1995a: 11), that trajectories of institutional transformation are contingent on the type of change. Change in opposition to an institution's identity, integrity and dynamics was expected to be episodic and problematic, since institutions tend to defend their identity and integrity with the resources at their disposal. Radical and rapid transformations are therefore likely only under special conditions, for instance: (1) Reform attempts, where considerable political energy and resources are mobilised over long periods of time; (2) Collisions between major institutionalised rule sets, identities, interpretations and accounts of the world; (3) Deep performance crisis according to the institution's own criteria of success; (4) Comprehensive external shocks which in dramatic ways change the conditions under which the institutions have functioned; (5) Shared expectations that either a performance crisis or an external shock is inevitable in the near future. As shown in my study, the new pace of European integration, in conjunction with profound domestic changes, has met some of the criteria outlined above. However, the intensity and pervasiveness of attempts at reform, identity collisions and assumed performance crisis of national unions have been less dramatic than expected. Moreover, national unions have been affected very differently, inhibiting common perceptions of a need for radical change. The dominant reaction has been to protect national union identity and integrity, combined with cautious adjustment. As underscored by several of my respondents, trade unions are basically reactive organisation and they are "best when they have their asses to the wall". For most ETUC affiliates, this has not yet really been the case. The planned introduction of a single currency by the turn of the century might change this, but also in that case the various national unions are likely to be affected very differently.

In this view, the prospects for change of the political and organisational prerequisites of European level trade unionism may seem bleak. However, the development of systems of national industrial relations took much longer to take shape than the period studied in this thesis. One should therefore be careful about drawing conclusions as to further developments. As suggested by Richard Hyman:

"there exists some space for a potentially greater influence by European labour. The external obstacles are immense: the liberalising dynamics already in train, the more effective impact of the employers' side, the built in constitutional obstacles to progressive EU initiatives. The internal obstacles to constructing a cohesive and effective European trade unionism are similarly imposing. Yet, paradoxically if the pessimistic scenario holds true, and if the scope for effective trade union action at national level becomes systematically reduced, the pressures for effective transnationalisation will intensify. There exists some space for strategic intervention. (...) The idea of a European industrial relations system promises at one and the same time a framework for analysis and a guideline for action" (Hyman 1996b: 13–15).

## 13.4 Implications of the emerging regime of European industrial relations

### 13.4.1 Euro-corporatism, new governance or neo-voluntarism?

As discussed in chapters 2 and 4, central "Euro-pessimistic" scholars (see Streeck and Schmitter 1992: 227) have argued that evolution of a corporatist mode of governance at EU is unlikely.<sup>347</sup> This view has been challenged by Falkner (1996c: 8). She argues that the legal responsibility of the Commission to consult the social partners; the role of the latter in implementation of social policy legislation; the possibility that social partner agreements can replace or become legislation; together with the Commission's licensing of the main social partners to fulfil these roles, correspond to a classic formula for corporatism as "a mode of policy formation in which formally designated interest associations are incorporated within the process of authoritative decision-making" (Schmitter 1981: 295, in Falkner 1996c).

Even though the corporatist style of EU social policy might suggest that the "Euro-pessimists" have been wrong, there are also important features of the evolving co-regulatory system that mitigate such a conclusion. Given the narrow and weak competences of the Community in social policy and employment issues, combined with the intergovernmental predominance of the Council, the European state "third party" (principally the Commission) has only a limited capacity to develop a more comprehensive system of binding political exchange. The de facto monopoly of the ETUC, CEEP and UNICE to negotiate EU legislation is restricted to the narrow area of social policy in which EU can regulate, and excludes core areas of industrial, economic and welfare policy. The process of consultation further involves a great many other institutions, organised actors, experts and member-states, and the balance of power in the social dialogue is based not on the ability of the actors to mobilise industrial

force or enter binding exchange on issues like wages and industrial peace, but on the political balance of power within the Council. This leads to asymmetric power relations and grants the member-states in the Council a supreme capacity to determine the rules of the game.

Thus, in the “Euro-pessimistic” view, any similarities of EU social policy governance with corporatist precedents at national level are merely on the surface (Streeck 1995a: 37); in reality, a “neo-voluntarist” system of EU social policy has been evolving. As mentioned in section 8.5.3, “neo-voluntarism” is seen as “a type of social policy that tries to do with a minimum of compulsory modification of both market outcomes and national policy choices, presenting itself as an alternative to hard regulation as well as to no regulation at all” (Streeck 1993: 30). It “allows countries to exit from common standards where their polity or economy will not sustain them”; “gives precedence to national practices and encourages contractual agreements between market participants”, and “offers actors, public and private, menus of alternatives from which to choose” (Streeck 1995a: 45). In this view, such a mode of regulation results in “a patchwork of heterogeneous national policies constrained and modified by international rules and market interaction” (*ibid.*: 34).

In contrast, “Euro-optimistic” scholars have emphasised the innovational potentials of the emerging mode of EU governance of social policy and industrial relations. As indicated in section 10.2.8, Falkner has argued that “the innovative policy style (...) might offer a pragmatic solution to what Rhodes (1995) has called the ‘regulatory conundrum’ of European social policy, i.e. the difficulty of regulating despite the striking diversities within the Union concerning historical, legal, institutional and ideological traditions” (Falkner 1996a: 205). Compared to the status quo ante, the evolving multi-level system of industrial relations “is a significant strengthening of the highest as well as the lowest levels” (*ibid.*: 204), suggesting that “development of corporatism at the Euro-level might not be a zero-sum-game after all” (Falkner 1996c: 17):

“If collective agreements at the Euro-level, such as the one on parental leave, are to be implemented in a ‘cascading’-like pattern where politics filter down from the supranational to the national, sub-national, and even enterprise-level, national and sub-national actors might in the end even be strengthened.”

In this perspective, Falkner (*ibid.*: 7, 19) suggests that the developing regulatory style of EU social policy exemplifies a transformation of governance in direction of what Kohler-Koch (1996: 245f, cf. section 4.5) has characterised as a new kind of “co-evolution of political regimes and interest politics”.

Nevertheless, it seems that the divergent analyses of the evolving pattern of industrial relations and social policy at EU level reflect not so much disagreement over the actual form and direction of development as contrasting labelling and interpretations of the implications and desirability of this development. What we have been witnessing can in my view best be perceived as a new kind of restrained and “encapsulated” social policy corporatism within a polity where essential preconditions for more encompassing concertation and class compromise are missing. In the following section, the implications and potentials of the evolving

European social policy regime for national labour market actors and the future Europeanisation of industrial relations are elaborated.

### **13.4.2 Withering of national industrial relations and trade unionism?**

As noted, "Euro-pessimistic" scholars have deemed the European social policy regime wholly inadequate to prevent "regime competition" from causing downward social convergence and erosion of national industrial relations (Streeck 1995a: 53–57).

"Rather than making national systems 'meet in the middle', if European fragmented sovereignty fails to protect strong national regimes from competitive erosion, it is likely to weaken all regimes, beginning at the top and continuing down to the bottom" (Streeck 1997: 30).

Less dismissive observers, however, have questioned the argument that market extension by necessity leads to social dumping and withering of national systems (Traxler and Schmitter 1995: 250–51). As suggested in section 4.3.5, internationalisation and direct foreign investments flows are not as new phenomena and have not increased as much as is frequently argued; relocations are often market-driven; competitive advantages derive from more than labour cost-differentials, and the interests of employers' associations are more mixed than those of large transnational corporations. Hence, according to Traxler and Schmitter, the social dumping thesis assumes a degree of market homogeneity and competitive intensity that would seem questionable. Both product and labour markets are in reality characterised by considerable heterogeneity and variable competitive conditions; major differences in productivity and cost structures; and great disparities in infrastructure, services, workforce qualifications and relations of production. Accordingly, the lower the labour-cost share of total production costs, the less relevant seems the assumption that employer investment decisions are based on a simple calculation of labour cost minimisation, and the more important seem labour qualifications, motivation and long-term co-operative relations to be (*ibid.*: 250). Similarly, Fritz W. Scharpf has emphasised that:

"Since the locational advantages of the highly productive countries are balanced out by their higher costs and those of the low-cost countries by their lower productivity, it may be seen that the most damaging locational competition on wages, social welfare costs and environmental regulations takes place among countries producing at more or less the same level of productivity. In selecting a location for production of the Swatch car, Daimler-Benz did not decide between Germany and Greece, but between Baden-Württemberg and Lorraine; and for Siemens's new production, the choice fell on Britain, not Portugal. To stop this form of ruinous competition, it would thus be sufficient for the high-cost countries, and similarly for the low-cost countries, to agree on condition cartels among themselves. Uniform regulations for the whole Union would then not only be politically unfeasible, but they would also be neither necessary, nor desirable." (Scharpf 1996b: 147)

Moreover, the social dumping thesis seems to presume that deregulated and decentralised industrial relations systems are superior in terms of economic performance. This view is not confirmed by the findings of a number of comparative studies, which indicate that in recent years several centralised and/or highly co-ordinated national systems of corporatist bargain-

ing have performed among the best in the OECD area as regards competitiveness, wage adjustment and employment (Calmfors and Driffil 1988, Traxler et al. 1996). Relevant contemporary examples are Ireland, the Netherlands and Norway. However, systems where the intermediary, sectoral level of collective bargaining remains dominant tend to be outperformed by both centralised and highly decentralised systems of industrial relations (Traxler and Schmitter 1995, cf. section 4.3.5). Nor do recent studies of labour market regulation confirm the thesis that countries which have pursued deregulation show systematically better results in terms of employment generation and labour market efficiency than do countries with more stringent regulatory systems (Dølvik et al. 1997, European Commission DG V 1996, Grahl and Teague 1997: 129). Hence, what seems more likely than a convergent raise to the bottom is a sharpening of national, institutional divergence. In Traxler and Schmitter's (1995: 250) view, well-established systems of national corporatism may persist and even gain increased importance in ensuring the competitiveness of national economies in line with a concept of "re-nationalised corporatism" – prototypically represented by the case of Norway (see Dølvik 1997c).<sup>348</sup> National systems with dysfunctional (meso-level) arrangements, however, are likely to come under increasing pressure for adjustment, perhaps in the direction of corporatist governance, but more likely in favour of deregulation (Traxler and Schmitter 1995) – as the ongoing struggle in Germany may indicate.

Recent empirical studies of comparative industrial relations have found no evidence that the single market has led to widespread de-regulation or convergence of national institutions of industrial relations and collective bargaining.<sup>349</sup> The picture is rather marked by persistent diversity, ambiguity and contradictory developments (Hyman 1994a, c, Traxler 1996a). According to the most updated comprehensive assessment of West European developments conducted by Ferner and Hyman (1997), it seems that the "irresistible" trend towards flexibility and decentralisation predicted in the early 1990s was

"exaggerated, and in many countries the regulatory capacity of the higher-level social partners has survived, and they have often been active participants in the innovative developments of the 1990s, which have redirected or even in some cases reversed the trends visible at the beginning of the decade. (...) Yet paradoxically the 1990s have seen, in some countries, the revival of 'neo-corporatism' which a few years ago was almost universally regarded as defunct." (ibid.: 2)<sup>350</sup>

As pointed out by Wallerstein and Golden (1996), the most frequently cited examples of deregulation, such as the US and the UK, have actually been prompted by the political agendas of neo-liberalist oriented governments. The often-mentioned crowning example of dismantling of the "Nordic model" in Sweden was driven by political strategies of the main employers' association, but has actually been reversed in recent years (see Elvander 1997). In the other Nordic countries, centralised concertation has been continued or reinforced (Finland, Norway), though combined with a tendency toward "centralised decentralisation" that has been especially pronounced in Denmark (Scheuer 1992, 1997). Similar tendencies have been seen in other countries, such as Italy, Spain, Portugal, Ireland and the Netherlands – perhaps

most strikingly in Italy, where major reform laws have been negotiated between the social partners, and an "Employment Pact" was signed in 1996 (Ferner and Hyman 1997: 8, Treu 1997: 5). This is not to say that internationalisation, to which the resurgence of national concertation can in many respects be seen as a direct response, has had no significant impact on industrial relations. Despite some high-profile cases, however, Ferner and Hyman argue that the threat of social dumping may not be as imminent as has been feared. They conclude that

"the pressures of 'internationalisation' are real and substantial, but neither unilinear nor overwhelming in their industrial relations consequences" (ibid.: 5).

Employers have been anxious to see greater flexibility at corporate level, but "they wish also to preserve the framework of labour peace provided by a structure of higher-level agreements", which suggests that "employers are also keen to take flexibility out of competition" (Ferner and Hyman 1997: 7).

It should be emphasised, however, that the revival of centralised concertation in several countries does not mirror the classic post-war formula of Keynesian political exchange and demand-side policies. In the current context, it has been characterised more by defensive adjustment to competitive pressures, attempts at slimming the welfare state and greater emphasis on supply-side issues and re-regulation, than by social redistribution. In such a key country as Germany, however, where attempts at negotiating a "*Solidar-Pakt*" failed in 1996, a more systematic government commitment to deregulation has given another powerful twist to the downward spiral of deregulation (Ferner and Hyman 1997: 10). Still, mindful that "economic imperatives" may be contradictory in their implications, and are likely to be mediated – or indeed obstructed – by political contingencies at national level, Ferner and Hyman emphasise that "internationalisation notwithstanding, it is surely also noteworthy how far distinctive 'state traditions' in industrial relations have persisted – or even been (re)invented" (ibid.: 11). As suggested in Dølvik (1993, 1996d), a context of fiercer international competition tends to promote a revaluation of the strategic role of trade unions as indispensable partners for achieving wage restraint and curbing the growth of indirect labour costs and welfare spending, thus strengthening the incentives for centralised concertation. Similarly, Regini (1997) has argued that the state arena has increasingly become a key factor in national competitiveness. Although the predicted trends towards dismantling of centralised concertation have not been confirmed and a trend towards "centralised decentralisation" and new forms of articulation between different levels of collective bargaining can be observed, the increasing convergence of industrial relations outcomes in Europe suggests that the scope for substantially different national policies has become narrower, owing to the restrictive context of economic governance in Europe (Grahl and Teague 1997).

Nevertheless, in a recent article Scharpf cites the Danish example as an illustration that extensive social costs are sustainable if they are financed by taxes on income and consumption and not by payroll taxes imposed on firms, as in many continental European countries (1996a: 38). Since 85 percent of Danish social costs are financed by general tax revenues, the

very costly welfare state has apparently not played such a central role in recent discussions about the competitiveness of Danish enterprises as in most other countries. Scharpf thus argues that:

"compared to the postwar decades, the range of choices available to democratic political processes at the national level has certainly become more narrow. But it is not as narrow as the economic determinism of many contributions to the current debate would seem to suggest. Moreover, it can be widened to the extent that countries and regions succeed in developing their comparative advantages of their given institutional and industrial structures in order to exploit their own niches in increasingly specialised world markets" (Scharpf 1996a: 38).

This point would seem pertinent also for assessing the viability of national systems of industrial relations. It indicates that the specific way in which the linkages between production, labour market organisation and the welfare state are organised have important implications for how international competitive pressures actually influence national systems.

While trade unions have gained less at the European level than they had hoped, the developments referred to above suggest that at the national unions have lost less than they feared. Although decreasing union membership can be noted in several countries, there is no evidence of a reinforced or uni-directional decline in union density or coverage of collective bargaining in the 1990s (Traxler 1996a, Ferner and Hyman 1997, OECD 1997). While bargaining coverage has been fairly stable in most European countries, except in the UK, union density has shown persistent diversity and has in some countries even increased in recent years (Traxler 1994, 1996a). Accordingly, Traxler has suggested a distinction between "organised" and "disorganised" patterns of industrial adjustment, and between "inclusive" and "exclusive" systems of labour relations (1996a). In Western Europe, only the UK belongs to the latter category, while the social embeddedness of trade unions in the other countries has prevented any major disruption of established union structures, even though the convergent reduction of wage growth suggests that the bargaining clout of unions has been diluted.

In contrast to the postulated universal decline of national trade unions, Ferner and Hyman (1997: 8) suggest that "we can identify *both* a trend to devolution and differentiation *and*, in many countries, new strategies and structures for articulation between levels and accommodation between interests". In order to account for the resilience of national unionism, a key point, in their view, "is the danger of a narrow 'collective bargaining' focus on trade union dynamics" (ibid.: 8). The role of unions in influencing the increasingly important "social wage", including issues such as taxes, social benefits and administration of welfare systems, often contributes to membership stability and to assigning to unions a public status: "More generally, one of the typical connotations of 'social partnership' is precisely that unions have a legitimate role in representing employee interests over all these agendas" (ibid.: 9). Although the legitimacy of this role of unions has been increasingly questioned, such challenges have in most countries had limited impact, according to Hyman and Ferner. In some countries, cuts in public services aimed at complying with the EMU convergence criteria have triggered forceful mobilisation of trade union counterpower, as in France 1995 and Germany



1996, while in other countries, such as Italy and the Netherlands, the political role of unions has been enhanced through the revival of national concertation. Such tendencies do not mean that the postulated weakening of unions has been offset, but suggest that the institutional embeddedness of national unionism is more robust than has been almost universally assumed in recent years.

### 13.4.3 Europeanisation of collective bargaining?

Although national industrial relations have persisted under the single market, Otto Jacobi (1996, 1997) argues that the establishment of the EMU implies a "quantum leap" of European integration which, virtually by necessity, will require a European "economic government" and a "pay government" (or wage cartel) in order to ensure sufficient co-ordination of key parameters of economic – political development. According to this interpretation – reminiscent of early neo-functional reasoning – the political and social actors will be forced to develop structures and frameworks for the pursuit of European collective bargaining. Moreover, Jacobi suggests that the evolution of European actors and institutions of industrial relations in recent years, combined with the increasing convergence of wage and policy developments, has in fact established important foundations for the creation of such a system of European incomes policies and industrial relations based on European framework agreements on minimum standards relating to pay, working hours, working conditions and co-determination (Jacobi 1997: 10). My analysis has made it clear, however, that even if some structural pressures may point in the direction indicated by Jacobi, other structural pressures are working towards greater differentiation of wage-setting (see section 4.4). Hence, the structural determinants are themselves indeterminate.<sup>351</sup>

In contrast, Traxler and Schmitter (1995: 251) have argued that an effective Europeanisation of industrial relations does not require a fully-fledged institutional system of supranational Euro-bargaining, Euro-co-determination etc., which presumes a degree of correspondence between the scope of an economic area (market) and the jurisdictional scope of industrial relations institutions that even at nation-state level has not always been the case. They contend that a comprehensive economy-wide co-ordination of wage and labour policies can be achieved without central European agreements, if trade unions on a cross-border basis manage to co-ordinate their national policies at sectoral level in line with the concept of "pattern bargaining", most typically represented by German trade unions in the 1980s (see also Traxler 1996b). According to this view, the preconditions for such a concept of Europeanisation are in principle in place in Europe insofar as the EWC directive provides for co-ordination of union policies at the level of multinational companies, whereas multi-employer systems of collective bargaining at national level, underpinned by either strong trade unions or legal arrangements for generalisation of collective agreements, are still there. Indeed, as noted by Traxler and Schmitter, such a concept of Europeanisation of collective bargaining is difficult to accomplish, but is less demanding and more realistic than the erection of a coherent supranational system of industrial relations. The corresponding model of a

European system of industrial relations would thus mean "a complex pattern of transnational co-ordination, relying on informal, overlapping networks of co-operation between trade unions at different levels of action within the member-states", corresponding to the political – administrative character of the EU as a *condominio* (ibid.: 252).<sup>352</sup>

Similarly, Marginson and Sisson (1996b) have argued that the idea that European collective bargaining is necessary to prevent trade unions from being undermined by ruinous cross-border wage competition is "ill-founded" (ibid.: 1). For the foreseeable future, industrial relations in Europe, in their view, are likely to be characterised by increasing diversification within national models *and* tendencies of convergence between national models. Negotiations will continue to take place within existing industry and enterprise structures at national and organisational level, but within a context of joint opinions or framework agreements at EU and Euro-company levels, where the parties' negotiating positions are increasingly co-ordinated across European borders. Altogether, the increasing plurality of points of convergence and the pressures stemming from the three levels of trade union co-ordination are expected to give impetus to "nascent" forms of European-level collective bargaining. These dynamics are, according to Marginson and Sisson, unlikely to lead to the conclusion of European collective agreements, but may well create conditions for the evolution of various kinds of "virtual collective bargaining" and "arms-length" bargaining, representing a new and "softer" concept of regulation than traditional standardised collective agreements. In this perspective, joint opinions and framework agreements deriving from European social dialogue do not represent a side track from "the real thing", but provide orientations, parameters, objectives and sometimes minimum standards, within which negotiators at lower levels are expected to operate (1996b: 11).

In fact, it might be argued that some steps towards such a development can be observed already. In section 10.3. I referred to recent initiatives of German industry unions to establish frameworks for information exchange and soft co-ordination of bargaining with neighbouring countries; in section 10.4, I mentioned examples of cross-national co-ordination of policies within transnational companies. In spring 1997, the German DGB invited Belgian and Dutch confederations, together with national industry unions, to discuss information exchange and look into the possibilities for better co-ordination of national bargaining.<sup>353</sup>

More striking, however, is the tendency of unco-ordinated national adjustment to changing external circumstances. In Belgium, the government – after attempts at establishing a social pact failed in the 1997 pay round – decided that pay determination should be calculated on the basis of wage formation in the neighbouring countries – the Netherlands, Germany and France, thereby highlighting the growing interdependence of incomes – and economic policies among core countries of the D-Mark zone (MISEP 59/1997). Similarly, adoption of a European norm for wage developments has been proposed in Sweden, emanating from a group of head economists in the Swedish employer and trade union organisations (Elvander 1997: 63).<sup>354</sup> And the Norwegian "Solidarity Alternative" has been based on an explicit ambition of the social partners to ensure that relative wage costs are brought down 10 percent

compared to those of the main trading partners over a five-year period (Dølvik et al. 1997). Considering also the convergence of national wage developments in recent years, it seems that reactive adaptation to the economic frameworks of European integration has in fact meant a significant Europeanisation of national pay determination.

This is, however, not the kind of "Europeanisation" that trade unions have been calling for. Unco-ordinated national adjustment to the new economic reality may readily reinforce social and institutional competition, further constraining national policies. As pointed out in Dølvik (1993a: 24):

"However rational in a short-term, national perspective, the logic of national corporatist co-operation as a way to improve competitiveness may prove irrational from a long-term, collective perspective. The logic of national (social) cost-competition in international markets may lead to beggar-your-neighbour policies, progressively diminishing the bargaining space for national unions, intensifying competition between workers in different countries, and hampering common economic development."

Thus, unless trade unions and their political allies become capable of developing common responses and transforming the economic-political frameworks that today are restraining national policies – by developing greater European capacity of macro-co-ordination of fiscal policies, employment and welfare policies – there is an obvious risk that the leeway for, and leverage of, national concertation will continue to dwindle.

### 13.4.5 Concluding remarks

Although national trade unions and industrial relations systems have proven more able to respond to the external economic pressures than foreseen in the early 1990s, the evolving EU regime of social policy regulation and social partners' agreements has not managed to curb the detrimental social effects of the single market regime. However, the regulatory approach that has been adopted contains strengths and evolutionary potentials that should not be underestimated; moreover, an alternative mode of supranational regulation is hardly conceivable.

Even if a strategy of supranational harmonisation had been preferable, the established political trajectory of EU integration effectively precludes such a development. As noted by Pierson and Leibfried,

"the European Union is not, and undoubtedly will not become, a federal welfare state like those of traditional nation-states. This scenario was never plausible, since the EU arose in a different historical context and was layered on top of already deeply institutionalised and diverse social policy structures within each member state. (...) European social policy does not supplant national social policy, but merges with it in an intricate process of competition, adjustment and accommodation" (1995b: 433).

It should hence be recognised that, due to the inherent difficulties and unequal national implications of supranational harmonisation, both the member-states and most actors of national industrial relations have rejected this as a viable alternative. As noted by Ross, "-

beyond the treaty and the differences among industrial relations systems of member-states – which made harmonisation a huge puzzle – these national models survived with sufficient vitality to persuade unions and employers to continue investing resources in them. It was therefore very hard to persuade them to risk these resources on a hypothetical European substitute” (1995a: 385).

Thus, the prior existence and resilience of national regulatory systems as basic entities of any European system of industrial relations imply that European developments cannot mirror national developments, but will have to be different, and in my view, complementary to national models. A European system of industrial relations will need to find ways of combining establishment of common European minimum standards with the persistence of national institutional diversity, and must rely on regulatory approaches that allow national organisations active participation in shaping, implementing and monitoring common European standards in accordance with national customs. Without democratic involvement and consent from below, Europeanisation of industrial relations would mean a centralisation of organisational power and control likely to cause alienation and aggravate the problem of adding life to the established European structures.

Against this background, the emergent dual system of European industrial relations regulation based on framework regulations and interplay between negotiations and legislation represents, as I see it, a fairly realistic path for further development. In contrast to a centralised approach of top-down regulatory harmonisation, this may stimulate a differentiated, step-wise evolution of European networks in which a multitude of social actors can be involved in a gradual development of a multi-tiered European system of industrial relations from below, within the frameworks of common minimum standards established from above. In such a dual system, the core issues and actors of industrial relations will remain located at national level. Even though such a “voluntarist” trajectory will mean greater inequality of standards (than a harmonised supranational model), the evolutionary potentials of a tighter interplay between European and national actors and regulations may give rise to growing cross-border co-ordination, pattern bargaining and Europeanisation of the policies of lower level actors. In the longer run, this can provide a basis for build-up of more efficient forms of trade union counterpower and mobilisation. Such a development is likely to be patchy and uneven, but may over time stimulate a social convergence that conforms neither with the scenario of upward harmonisation, nor with the scenario of a race to the bottom, but creates an increasingly dense web of regulations, agreements and reference-points for cross-border co-ordination of union policies which can restrict the scope for undercutting social competition. In this perspective, a central question for the trade unions and the ETUC will be to ensure bridge-building and co-ordination between national systems and the broader European framework. Will this role primarily be served by national confederations? or will the industry unions attain a more important role? – if so, raising delicate questions about the division of responsibilities between the ETUC and the European industry federations.

The fault line of the emerging EU social policy and industrial relations approach is, in my

view, not the "voluntarist" thrust of it, but the overly narrow scope and modest content of European regulations. This tends to make them fairly irrelevant for social actors in the economically more advanced countries, with the risk that the stronger union actors may see little reason for active participation in the Europeanisation process. If one is to reap the evolutionary potentials of the evolving EU industrial relations regime, a more stringent and ambitious regulatory policy at Community level is required. If the political will is there, the recent ending of the UK "opt-out" and incorporation of the MSA into the treaty arguably improve the conditions for such changes, but considerable obstacles remain. For example, the current treaty precludes the development of trans-border rights of industrial action and collective labour law – which presumably is necessary if the social dialogue is to attain more substance.

Second, although I do not agree with Jacobi's view that European incomes policies and collective bargaining is virtually inevitable under EMU, the development of some kind of guidelines or minimum framework agreements on pay developments may prove to be a necessary ingredient in a trade union strategy for co-ordination of economic, social and employment policies at European level. As suggested by Jacobi (1997: 9), this could help trade unions to "regain the key variable 'pay' as an action parameter, thus providing them with considerable disruption potential in the form of a pay policy not compatible with macro-economic objectives". Unless trade unions become capable of establishing political capital that can be utilised as a means for pressure and political exchange with the authorities governing European economic policy, attempts at reinvigorating national institutions of concertation and European social policy regulation will probably become increasingly insufficient to withstand the pressures stemming from intensified competition and the restrictive economic policies embedded in the EMU regime.

In this section, I have tried to sketch a middle ground of Community social policy analysis by (1) criticising the "Euro-pessimistic" perception of the "voluntarist" mode of Community social dialogue and labour market regulation as merely a hollow, symbolic phenomenon without substantial impact on real developments; and (2) distinguishing myself from unfounded "Euro-optimistic" interpretations of social dialogue as a precursor of European collective bargaining, by emphasising the modest scope and qualitatively different nature of recent developments. What I have wished to portray is thus a development where neither the "Euro-liberalist" nor the "Euro-corporatist" scenarios (Rhodes 1991) of European integration have been confirmed, leaving trade unions to muddle through, struggling to defend themselves as best they can at both the national and the European level. Given the unfavourable economic and political conditions of this two-front struggle, I have argued that European trade unions have managed better than expected by the "Euro-pessimists" but achieved less than hoped by the "Euro-optimists". Against many odds, European trade unions have proved capable of initiating a Europeanisation process hardly conceivable a decade ago. Considering the historical magnitude of the challenges that the single market was assumed to imply for European trade unions, I consider that a fairly significant achievement. Although the dominant actors in the protracted evolution of a European industrial relations system will con-

tinue to be located at the national level, the premises and objectives of their actions are likely to be increasingly intertwined with economic and political developments in the wider European context, indicating that the process of trade union Europeanisation will continue, most probably with varying rhythm, depth and scope.

### **13.5 Trade unions and the fledgling European state – a contested relationship**

With respect to future prospects for ETUC integration, I suggested in chapter 2 that European trade unions could be viewed, as noted by Marks and McAdam, “as challenging groups which hope to contest and shape the emerging institutions and philosophy of the EU” (1996: 97). A central issue of my study has been the widespread tendency to compare the development of European trade union integration with its national forerunners. The striking differences have led many observers to question the viability of the current form and political orientation of ETUC integration (Martin and Ross 1998a, b). “Euro-pessimistic” scholars have even drawn the conclusion that the trajectory of European integration effectively precludes any development of effective European-level trade unionism (Streeck 1995a, b). In this section I present some reflections about the relationship between European state-building and trade union Europeanisation.

The dismissive assessment of the prospects for evolution of European trade unionism ingrained in the “Euro-pessimistic” analysis rests on the assumption that the current absence of a European state with regulatory capacity to install a proper European industrial relations system is bound to persist as a result of the structural determinants of European integration. In my view, this assumption reflects an unjustified static perception of European integration, essentially precluding the scope for political choice and countervailing political action. In contrasting the situation at European level today with the political prerequisites of trade unions in the heyday of national welfare states, one is in effect comparing the current phase of European integration against what could be termed the “end-state” of national state-formation and union building. Surely this represents not only an a-historical comparison, but also an idealised perception of the relation between national state-formation and evolution of trade unionism. The analysis of Streeck seems to posit the presence of a state with political capacity to regulate key issues of economic, welfare and industrial relations policy as a precondition for the building of an integrated union movement.<sup>355</sup> That is, in analogy with assumed nation-state experiences, prior state-formation is conceived as a necessary structural prerequisite for union integration.

The rise of the modern state was indeed associated with a significant shift in the locus and nature of collective action, but the top-down, state-centric view linking these two outcomes is less convincing – as Marks and McAdam (1996: 98) point out: “The idea that state formation shaped the subsequent developments of institutions we now associate with the nation-states

strikes us as an overly simplified gloss on a contested, reciprocal process." In their view, historical observation shows that

"it is not the case that state structures occur chronologically prior to the political forms noted above. Rather they typically develop apace of one another. (...) Trade unions in most Western European societies developed national federations to campaign better for basic legal freedoms so that they could bargain in the labour market more effectively. But once such federations were established they took up a range of functions, including lobbying for substantive state legislation of working conditions, maximum hours, and minimum wages, etc. To the extent that they were successful, they created the basis for further demands and legitimated a political strategy for achieving basic union goals. While there are wide variations across European countries in the institutional configuration of trade unionism and the political channels that were available to workers, it is clear that the causal arrows from union-building to state-building go in both directions. As trade unions were creating peak organisations better to influence authoritative decision-making, so they sought to extend the reach of the state" (Marks and McAdam 1996: 98).

In this interpretation, unions did more than simply respond to the development of the modern nation-state by nationalising their own organisation: they were key actors in creating the state by campaigning for political inclusion, welfare reforms and state intervention in the economy. Thus, as noted in chapter 2 here, Marks and McAdam argue that:

"While social movement and the political institutions of civil society grew in response to the rise of the modern state, it makes sense to conceive both civil society and the modern polity as the outcome of a prolonged, contested, and above all, mutually interactive process of political restructuring. In our view, then, the modern, democratic state was as much an outcome as the architect of this emergent process. (...) Indeed, the legitimating account of the modern, democratic state is nothing if not a product of popular contestation" (ibid.: 98).

According to Marks and McAdam, a similar interpretation should be applied on contemporary European events:

"There, under the aegis of European institutions, a new 'multi-level polity' would appear to be emerging in response to precisely the mix of top-down institution-building and bottom-up contestation described above" (ibid.: 99).

I would hold that this interpretation reflects a more adequate understanding of both the historical relation between state-building and union-building at national level and the evolving relations between European institutions and challenging collective actors at the European level than the more structuralist interpretation of Streeck. This is not to suggest that the emerging structures of EU governance and Europeanisation of trade unions mirror national precedents, but I do see the reciprocal, contested nature of the evolving relations between European polity-building and trade union integration as an important aspect of the dynamics of the process. The formation of national-wide union movements at the eve of the present century was not something that was facilitated by democratic states which secured trade unions basic rights or regulated industrial relations: it was instead the result of labour contestation and political struggle to install such rights (Fulcher 1988). The resemblance between the political demands of European trade unions for labour rights at the European level and

the demands of national unions during the early constitutional phase of unionism indicates that it is misconceived to compare the early traits of European industrial relations and trade unionism with the institutionalised pattern of class compromise and political exchange in the Golden Age of the national welfare states after WW II. The latter was indeed a result of more than half a century of bitter class struggle, war, and deep economic and social crisis. A striking difference is the peaceful character of the European struggle for labour rights and social partnership of today, characterised as it is by dialogue rather than industrial class conflict, and by intergovernmental negotiations between governments rather than parliamentary mobilisation of labour constituencies.

Accordingly, also Marks and McAdam adopt a pessimistic view on the potentials for trade union influence on European developments: "...unions are faced not simply with the task of gaining favourable decisions, but with the far more exacting challenge of creating institutions to reassert political authority over market outcomes" (1996: 108). Owing to the fragmented Euro-polity, the institutional conditions for political exchange are, in their view, absent in the EU, which means that "even if unions were strong and united, there is no coherent European government that could engage them in supranational bargaining" (*ibid.*: 108). However, I feel that this does not in principle rule out the possibility that the contested character of European integration may give rise to political dynamics which, despite their difference from national precedents, can generate pressure for political change of the current mode of EU governance. The obstacles are indeed formidable, but as noted by Marks and McAdam, "the state's claim to legitimate authority depended upon it being seen as a responsible steward vis-à-vis various 'client' publics. The key point is that the sea change was not the product of unilinear state action, but rather was imposed on the emerging states by the embryonic predecessors of these various 'client' publics" (*ibid.*: 99). The legitimacy crisis of European integration, and in particular the inability of the EU to produce credible responses to mass unemployment and the Community's democratic and social deficit, may in the future lend strength to the political claims of "challenging groups" as the European trade unions. The spread of grass-roots contestation and protest against the results of the prevailing mode of integration – as in the French union riots against EMU-induced social cuts in 1995, the German strikes in 1996, and the European strike against the Renault closure in Vilvoorde – might increase the pressure on European politicians to respond in ways that can bolster their legitimacy, ensure their reelection and guarantee support for continued integration and treaty reforms (Dølvik 1996a). The recent change of government in France and to a lesser extent in Great Britain may indicate that such dynamics can evolve. Paradoxically, the neo-liberal and monetarist thrust of the policies flowing from the SEA and the Maastricht treaty has made possible an unforeseen comeback of Social-Democratic governments in a majority of EU countries. This does certainly not mean that a break with the established EU legacy is imminent or even underway, but the grass-roots opposition and the social composition of the electorate that enabled these political changes may suggest that the current EU leaderships are more vulnerable to social protest and will have to be more receptive to the demands of labour than has



been the case over the last decade. It remains to be seen whether such processes of contestation will lead to an expansion of the political reach of the fledgling Euro-state into the realm of labour policy, as was the case at national level earlier this century, but one should be wary of hasty conclusions about the longer-term impact of political action from "challenging" European groups.

The perspective sketched above accentuates fundamental strategic dilemmas of European trade unions. As argued in Dølvik (1996a: 107), "the ETUC (...) has been one of the most loyal and faithful promoters of European integration over the past decades. Considering the diverse views and scepticism among domestic constituencies, this double task of supporting and defending European integration on the one hand, and criticising the Community's lack of response to the needs of working people, on the other, has indeed been a difficult balancing act." Driven from the top with modest bottom-up resonance, this feature of ETUC integration has accentuated the challenge: "how (can) the development of a transnational trade union movement and culture be made more visible, comprehensible, credible and relevant to broader groups of European unionists, workers and citizens? How can these political resources and democratic potentials be activated to pose popular pressure on the EU and its national governments?" (ibid.: 108–9)

In principle, one might argue that, in the absence of a foreseeable European parliamentarism enabling the parties of the labour movement to play a role similar to what they have done at the national level, the trade unions may be positioned to take on a different and more important political role at the European level than they usually did nationally. The form and dynamics of the emerging Europeanisation of trade unions cast doubts on the capacity of the ETUC to take on such a role, however. That the Europeanisation of trade unions to such an extent has developed in response to incentives provided by European institutions, has indeed had questionable consequences. In many respects the ETUC has become more a generator of loyalty than voice within the Euro-polity. But as point out by Martin and Ross (1998b: 5),<sup>356</sup> the European institutions had their own purposes, which were not necessarily consistent with those of union interests:

"Thus, the ETUC's commitment to European integration may have made it difficult for it actively to oppose the specific trajectories of integration defined by European institutions even though they thwart labor rights and employment goals so crucial to trade unions. Moreover, the kind of European level union structure which European institutions encouraged may be ill-adapted to coping with the problems unions confront in the integrated economy."

In this view, the observed Europeanisation of trade unions has not only been one of creating structure before action (Turner 1995), but one of structure before strategy (Martin and Ross 1998b: 27). The ETUC's capacity to influence the course of events has been restrained by its dependency on the Commission, the commitment to its "economic approach" to integration and to EMU in particular: "This has put the ETUC in an *excruciating bind*, however, for it has tied the ETUC to the *particular* strategy for political integration that has been adopted, despite its flaws and contradictions from a labour perspective" (ibid.: 43). According to Martin and Ross,

"ETUC support for the particular European strategies of those supplying them, particularly in the Delors Commission, may have been the implicit price of these resources. In exchange there was an implicit promise to the ETUC that those strategies would lead to real expansion in European social regulation and the foundation of a genuine European industrial relations system. The Commission was unable to produce anywhere near as much as that promise contained, however." (ibid.: 43)

In other words, Martin and Ross suggest that the ETUC has been induced into an implicit but asymmetric political exchange. Ending up with a fairly pessimistic conclusion with regard to ETUC possibilities of developing a transnational industrial relations system, they ask whether those in charge of the ETUC have been "tempted towards 'conversion experiences' to the European ideal", that is, "an ideology whose core is that European integration is a supreme goal in itself, a final goal worth promoting through thick and thin" (ibid.: 46-7). Speculating why the ETUC came to comply so strongly with the Commission strategy, they suggest that perhaps the ETUC was naive, perhaps the Commission was naive, perhaps some part of both the ETUC and the Commission's hopes were dashed by changing circumstances, and "perhaps, finally, the ETUC had been misled" (ibid.: 47).

The interpretation of Martin and Ross draws attention to central features of ETUC development in recent years. It is no doubt that Delors became a kind of "godfather" of the ETUC from the mid-1980s, and that the promise of a social dimension has been important for the ETUC acceptance and legitimisation of the single market and the EMU projects. A similar interpretation has been suggested by Gobin (1996):

"l'integration des leaders syndicaux européens au sein de la classe dirigeante européenne; les valeurs politiques dominantes autour de la construction européenne ont été intégrés par les leaders syndicaux de façon telle qu'une partie de ceux-ci développent un attachement quasi-affectif à l'ordre communautaire existant, le critiquant sous certains aspects mais le considérant en définitive comme le seul possible. (...) La CES quitta ainsi la voie du syndicalisme d'action/de revendication, qu'elle avait testé, sans succès, au début des années '80, pour s'orienter vers la voie d'un syndicalisme de propositions (élaboration d'un projet de socle social communautaire, de projets de réforme de Traité CEE...) au détriment, cependant, d'une partie de son autonomie de pensée." (ibid.:229, 772)

Somewhat exaggerated, these accounts suggest that European trade unions have relinquished their autonomy and subordinated themselves into the role of an uncritical junior client of European institutions. As a result, the ETUC has supported policies that were not compatible with the interests of its member organisations and has become a medium of the emerging European power structures for mobilising loyalty and legitimacy for the prevailing integration trajectory.

That the symbiotic relationship between the ETUC and the Commission has led the ETUC to become an overly loyal defender of the ruling concepts of European integration is probably true. In my view, however, these accounts overestimate the unilateral impact of this interdependency, underestimating the complexity of factors that have shaped the emerging pattern of trade union Europeanisation. It is beyond doubt that forces within the ETUC, especially in the Secretariat, have been heavily influenced by "Euro-idealism" and the Delors Commission. However, the interpretations mentioned above overlook the importance of

broader societal factors, institutional dynamics and historical legacies that have shaped ETUC development in this direction. It seems highly questionable that a different, more authentic and effective kind of union Europeanisation would have evolved if it had not been for the tacit "contrat de confiance" between the Commission and the ETUC, as declared by Delors at the 1991 ETUC Congress. In fact, given the reluctance, meagre resources and dividedness of national ETUC affiliates in European issues, what seems likely to have evolved would have been a weaker and more fragmented form of union integration. Rather than being misled, ETUC attempts to exploit its political alliances in the union-friendly Commission circles probably reflected a deliberate political choice, facilitated by the interplay between long existing internal divisions of the ETUC, the Commission support and changing external circumstances.

The vision of a social Europe strengthened those forces within the ETUC who historically had been convinced supporters of European integration and neutralised the opposition of the most critical forces. As the latter had no alternative concepts to offer, and as they became aware of the (inescapable) dire realities of the single market, a growing consensus evolved among ETUC affiliates: the trade unions had no choice but to make the most of the promise of a social dimension and their Commission alliances. The shared interests of the ETUC and the Commission in extending the social dimension legacy and promoting political integration – to balance the economic integration – suggest an institutionalist interpretation of the events is more adequate than a concept of miscalculated political exchange. The evolving "policy-community" (Bulmer 1997: 6) of parts of the Commission (DG V) and the integrationist parts of the ETUC facilitated the development of increasingly shared beliefs, ideas and assessments of European integration and the possible options of labour. The power relations of the coalition were indeed asymmetric, but the dependency of the Commission on trade union Europeanisation and support of the social dimension project also provided the ETUC with opportunities to exert pressure and achieve some tangible benefits. It is, for example, not unreasonable to argue that ETUC forces were central in orchestrating the process that led to the 31 October 1991 agreement based on the "negotiate or legislate"-formula. Rather than seeing this as a one-sided example of social engineering by the Commission, I would view it as an illustration of how institutionalised networks of European actors with their background in the union movement shaped decisive events of the Europeanisation of industrial relations. These strategic choices were, moreover, heavily influenced by longer-term features of European level trade unionism, such as the priority given to political co-operation and the reluctance to cede bargaining sovereignty. The suggestion that the ETUC has been misled overlooks the fact that the political project of the Commission in important respects corresponded to historical legacies and worldviews in large parts of the European trade unions and labour movements.

First, ideological support for European unification has been an enduring feature of trade union Europeanisation since its origin, with fairly broad membership support. The exception has been the former EFTA unions and the TUC, which have gradually adjusted their approach

in a more pragmatic direction apace with their countries' Community membership and/or growing economic integration. Moreover, the adherence to the strategy of integration followed by the Commission has been an almost general phenomenon in the leaderships of the European labour movement in which ETUC affiliates have usually been a central part.

Second, the reliance on the Commission and institutional coalition-building at Community level has been a persistent feature of the ETUC and its various forerunners since the early days of Community integration, underscoring the political nature of trade union Europeanisation. It is therefore erroneous to identify this simply with the strategy of seduction and support applied by the Delors circles. The latter clearly reinforced these features and changed the power-constellations in the ETUC, but they also provided something in return. That the European institutions proved unable to deliver as much as promised is easy to conclude with the privilege of hindsight, but does not mean that the strategic attempt was deemed to failure from the outset. The reasons for the limited leverage of the strategy were indeed complex, but I feel Martin and Ross address an important factor in pointing to the changing external circumstances. As stated by one of my respondents, the ETUC project was hit by a threefold crisis – that of German reunification, severe economic recession and the Maastricht stalemate – none of which were easily predictable.

Third, support of economic and monetary unification has likewise been an ingredient of Community trade-union perceptions of political integration and their call for a United European State since the early days of postwar integration which can hardly be explained by the "Russian doll"-strategy of the Commission. The lukewarm ETUC support for the particular concept of EMU that emerged in the late 1980s was clearly conditional and has been accompanied by persistent criticism of its built-in flaws and mode of implementation. Irrespective of whether this has been a wise strategy or not, we must recall that there have been plausible reasons for seeing this strategy as a possible way to escape the arbitrary dictates of financial markets and the detrimental hegemony of the German Bundesbank. If politically released from its most rigid interpretations – as demanded by European trade unions – it might possibly also provide the basis for a less gloomy trajectory than predicted by its most pessimistic critics. The point made by the ETUC and a majority of its affiliates, that a likely alternative to EMU is monetary fragmentation and a possible return to competitive exchange-rate adjustments – implying detrimental effects for trade union interests as well as European integration – is not merely an ideological construct.

Nor can the associated decline of Keynesian thinking in European trade unions be viewed simply as a result of Commission influence. The failure of the Keynesian French experiment in the early 1980s significantly influenced the strategic concepts of most West European labour movements. Despite uncertainty and opposition, most ETUC affiliates have seen no other alternative than to adjust to the contemporary macro-economic paradigm at national level. Accordingly, they have persisted in their support for national participation in the Euro, most prominently exemplified by the German DGB and the British TUC. In my view, it would amount to an exaggeration of the role of the Commission and the ETUC Secretariat to explain

this solely in terms of the influence of these institutions. How wise these choices of European trade unions have been is beyond the point here, which is to warn against overly simplistic interpretations of the formation of meaning and political conceptions of societal actors. There is no doubt that European trade unions have been heavily influenced by the new economic paradigm and the credo of "modernisation" flowing from European integration since the 1980s – but this has been part of broad changes in societal and political perceptions throughout most European national states, trade unions and the capitalist Western world. It would have been idealistic to expect that European trade unions – in a situation of organisational decline, urgent need for adjustment and search for new concepts to compensate for the erosion of their traditional repertoire – would have remained unaffected by these processes if it had not been for the seductive support of European institutions.

Fourth, as discussed earlier in this chapter, Martin (1995) has suggested that the policies of the Commission have reinforced the "dual shift" of industrial relations by encouraging union organisation at the European central and company levels, thereby inducing unions to neglect the potentially more promising sectoral level. However, as shown in chapters 6, 9 and 11 here, the predominant union preference for integration at the centralised top level and the quest for horizontal integration in transnational companies are not recent inventions of the ETUC. In fact, the confederal bias of the ETUC was a central issue of controversy during its founding process, firmly advocated especially by the TUC and the Nordic affiliates. Hence, the scepticism towards giving priority to the sectoral European industry committees was not a product of the social dialogue efforts from the mid-1980s: it has been a persistent feature of ETUC integration. Worth noting is also that the role of the industry federations in the ETUC has in fact been strengthened in parallel with the institutionalisation of social dialogue since the early 1990s, partly as a spin-off from central social dialogue. Similarly, the strategy of building transnational structures in TNCs was a prominent part of trade unions' international efforts from the late 1960s and a central concern of the EFTA unions when they joined the ETUC. Against this background, it seems mistaken to explain the weakness of the sectoral level of trade union Europeanisation as a result of the symbiotic relationship with the Commission in recent years. Moreover, recent ETUC strategy debates have clearly confirmed that a majority of the affiliates prefer a strong centralist foundation of the ETUC, owing to the national traditions of these unions.

In consequence, with respect to these issues which are often cited as examples of how ETUC policy has been shaped in flawed directions by the Commission, it would seem more reasonable to see the choices made by the ETUC as a reflection of longer-term legacies and broader transformations of the European trade unions themselves. Nevertheless, I tend to share the view that the ETUC, more as an unintended consequence of path-dependent political choices than as a result of being misled, has become overly dependent on the Commission and have pursued strategies which have since proved to be questionable. The choices behind these strategies, however, have evolved as a result of deliberations within the limited range of political opportunities that have been available at the European level. This, combined with

the reluctance of national unions, suggests that alternative strategies have not been readily at hand. The choices of the ETUC have, moreover, been confirmed and legitimised through democratic processes and debates of the European unions, albeit in the face of considerable domestic opposition.

These features of ETUC development should be taken into account in judging the partial incorporation of the ETUC in the European power structures. As underscored in an interview with the general secretary of the ETUC, Emilio Gabaglio:

"the ETUC was established to promote and influence European integration. This has been constitutional for the ETUC. Conversely, the structure of the European political space has, of course, shaped the ETUC. We function within this particular political context and are in many ways a product of it. We try to respond to the European political agenda and influence it as far as we can, and, in fact, what we have achieved is not insignificant. (...) The ETUC could truly not have become what we are without our good connections in the institutions of European integration. But this reflects the generic role of the relationship between trade unions and the state, like it has done at the national level. For example in Norway, as you know, the trade unions have joint bodies with the governing Labour Party. So, this is no exceptional European phenomenon, but the European political space is specific and shapes the ETUC in a particular political form. We face quasi-supra-national institutions that are not really empowered, with no real parliament and no real government, while the notion of a European labour market is fairly abstract. Altogether, this peculiar structure implies that the evolution of European level unionism cannot duplicate national trade union experience and is bound to be a long-term project. In consequence, we are not a generic international trade union association and we are not a mirror of national trade unions, but something in between. In the future, our main challenge will be to reinforce our ability to mobilise pressure to impose our agenda." <sup>357</sup>

As suggested by Gabaglio, also the build-up of integrated national union movements has been associated with a gradual attainment of "public status" and incorporation in different kinds of muddy compromises, social exchange and symbiotic interdependencies with political and state agencies. Typically, the heyday of union power within the Nordic welfare states has been identified with the contested "partnership of the top people" (Bull 1984), significantly shaping the perceptions of interests and appropriate solutions among the involved parties. With such "long marches" through co-operative institutions there is always the risk of being co-opted and losing sight of basic perspectives. It appears slightly ironical, however, that the tendency to contrast current policies of European trade unions with the golden era of corporatist national unionism tends to overlook the fact that union power resources in such arrangements were dependent on similar kinds of institutionalised intermingling and political coalition-building like those that are questioned in the European context. The decisive difference here is that the ability of national trade unions to take advantage of institutionalised co-operation has been basically contingent on their capacity to threaten industrial conflict, to offer wage restraint or industrial peace – a capacity conspicuously absent at the European level. This, I feel, has been less an effect of influence by European institutions than of the diversity of membership and the unwillingness of the ETUC's national constituent entities to engage in building up European conflictual capacity. From their perspective, the path of top-level dialogue has represented a convenient compensatory strategy, requiring a minimum of

resources and efforts from national unions, indicating that the confluence of national union reluctance and Community incentives has been an important determinant of ETUC evolution.

What has this ETUC approach meant for the Europeanisation of trade unions? For one thing, the dynamics of contestation that shaped the evolution of nation-state systems of industrial relations has not been replicated at European level. The ETUC has had neither the capacity nor the support from its membership to constitute a real "challenging group" of European integration; the European power centres have found it easy to ignore its fairly "ritualistic" opposition. ETUC efforts to engage in institutional co-operation and compromise have therefore lacked underpinning force, persistently exposing it to the risk of falling hostage of European institutions rather than becoming a vanguard of democratic voice and contestation. Insofar as this is not a structural necessity but a result of the political choices of member-unions, the scope for change is in principle still there. The resources and structures built up in recent years may have created path-dependencies that are difficult to change: but they may also contain potentials for adjusting strategies and for developing a more autonomous, critical union role at the European level.

I would argue that the turn from "Euro-idealism" towards a more realistic, pragmatic approach since the early 1990s has been a step in the right direction. The "moment of truth" following the Maastricht crisis and the inability of the Delors Commission to deliver the promised goods made it clear that the ETUC could not rely on the Commission. It would have to rely more on the strength of its membership. The ensuing process of institution-building has involved a broader circle of member unions in ETUC policy-making and has enhanced commitment and identification with common courses in a way that, in my view, has strengthened the potential of the ETUC to become a democratic voice of workers and ordinary people at the European level, possibly also strengthening its potential for staging common action vis-à-vis employers. The modest initiatives to mobilise popular protest and revoke French-style activism may indicate that change is underway, but, in the absence of tangible employer interlocutors, and given the fragmented structure of European political counterparts, unified responses of the ETUC membership are hard to organise. Thus, it still seems true that "if Euro-bargaining is to gain momentum, a more profound convergence of economic and social conditions as well as political-institutional reforms of the Community are required" (Dølvik 1993b: 363).

The possible launching of the "Euro" as a common currency around the turn of the century may unleash contradictory pressures for redrawing the boundaries of trade union solidarity. Having payment in the same currency makes it a lot easier to compare wages and benefits; and when all are subject to the same monetary and macro-economic regime, a significant leap towards greater convergence and interdependency of the external conditions of collective bargaining will occur. The associated pressure for more flexibility and wage differentiation represents a formidable challenge to established forms of union solidarity, however, but may – precisely for that reason – provide incentives to a more profound Europeanisation of union policy. Such an interpretation may be part of the reason why the ETUC has supported EMU,

but it remains to be seen how the single currency will affect the broader trajectory of European integration. I am convinced, however, that the outcome for trade unions will be determined less by structural imperatives than by the political determination of European trade unions to face up to the task and act as a real challenging force of popular contestation and industrial mobilisation on the European level. Accordingly, I think Martin and Ross are quite right in stating that

"ultimately, (...) possibilities for building up trade union counter-pressure in the European market envisioned by the ETUC rest on the trajectory followed by European integration. How to change that trajectory to create more favourable conditions is undoubtedly the most fundamental strategic challenge facing the ETUC and its member unions. Whether they can meet that challenge depends on the influence they can exert in the political arenas in which the course of the integration is determined." (Martin and Ross 1998b: 39)

Who then are the strategic actors to influence, in order to achieve such a change of EU trajectory? In the main, they are the national governments presiding over EU integration in the Council. If the ETUC is to become a more effective voice of European labour, it will have to strengthen its ability to orchestrate a concerted strategy by its national affiliates to influence the respective national governments, thereby highlighting the dialectic relationship between action at the national and supranational level in the process of trade union Europeanisation.<sup>358</sup> Such an approach would mean that ETUC affiliates would have to agree on a common political strategy to be pursued by all in their national arenas. And this point, in turn, accentuates the perennial trade union problem of arriving at a *shared vision of European integration*.

#### Endnotes Part IV:

- 1 Minutes ETUC Executive Committee Meeting Amsterdam 5-6th December 1991 p.4-5.
- 2 Unless other sources are indicated, the citations in this section and the remaining parts of chapter 9 are based on personal notes from the actual meetings referred to.
- 3 Furthermore, the *Spanish UGT* representative shared the positive view, but was concerned that a two-speed social policy might create negative precedence. The representative of the *European Metalworkers' Federation* (EMF) (Klaus Lang from IG Metall) supported this view and reminded that the negotiation option was limited to issues raised by the EC Commission. This concept of legislation through negotiation both posed serious questions about legitimacy and legal procedures to ensure national implementation and raised question about whether the sectoral, national or the enterprise level would be the most appropriate.  
 The *Dutch FNV* representative shared the German scepticism and feared that the Commission and the member-states would prefer common rules and use the old treaty base. It is wrong to see the eleven as one, he argued, and envisaged that new countries would take Britain's role, warning against illusions about rapid progress in EC social policy. The *Belgian CSC/FGTB* representative reminded that the MSA only concerned qualitative aspects of working conditions, excluding wages, and emphasised that unions should approach the question of whether EMU would imply European involvement in national bargaining with caution. The *Finnish SAK* representative, on behalf of the EFTA unions, drew attention to the fact that the EEA agreement was based on the existing treaty (SEA) and emphasised the need to build a bridge between the Community social dialogue and the EFTA pillar in order to avoid a two-track social Europe. The representative of the *European industry committee EFCGU* referred that the EMU convergence programme would have painful and serious consequences that would urge trade unions to prepare for European bargaining. But should this



- be done at the ETUC or the sectoral level, he asked, reminding of the unwillingness of employers at European level: "They prefer to meet national trade unions and at sectoral level we have no credible employer counterpart".
- 4 Stein Reegård, LO Norway (23.1.1992), Meeting Report ETUC Standing Committee on Social Policy and Collective Bargaining.
  - 5 ETUC Executive Committee 5-6 March 1992, "Collective Bargaining – European Dimension, Luxembourg 1-2 June 1992, Briefing Note". According to the briefing note from the Secretariat, the objectives should be (1) "to make a homogenous common analysis of the new context (...) which may lead to supranational, confederal, sectoral, multinational company or crossborder region agreements (...); and (2) to define the conditions of this European level bargaining so that it provides real value added to the bargaining being carried on at other levels."
  - 6 The Dutch, Nordic, German and British confederations supported a postponement, while the Southern unions favoured an open 'bottom up' process. EURO-FIET argued that European collective bargaining primarily would be an issue for the industry committees and suggested that they should have a more central role.
  - 7 ETUC (16.3.1992), Dispatch of document "The Social Dialogue after the agreement of 31.10.1991 and Maastricht".
  - 8 The discussions in the working group also served as basis for preparation of the ETUI Report "The European Dimension of Collective Bargaining after Maastricht", which was produced for the Luxembourg Conference on 1-2 June 1992.
  - 9 The documentation is based on my personal handnotes from the conference. I have tried to refer the central viewpoints and positions taken, without pretending to give a literally precise or complete reflection of what was said.
  - 10 During interviews with several representatives of British unions at the Luxembourg conference, however, the discrepancy between the TUC view, keen to bolster its role through European framework agreements, and bargainers within individual unions was highlighted. As put by one of them: "At home we are struggling for survival and continued existence of collective bargaining, so speak about European agreements sounds like dreams, completely detached from our daily reality" (M. J. O'Leahy, ISTC, 1.6.1992).
  - 11 It should be noted, however, that after having drawn the line against any experiments with peak level collective bargaining, the key strategist of IG Metall, Klaus Lang, in his final plenary contribution opened for using social dialogue as a means to achieve negotiated legislation.
  - 12 In the Swedish case, strong tension had occurred before the Luxembourg conference between several industry unions, leading amongst other to a row between the powerful metalboss, Leif Blomberg, and the LO leader Stig Malm. The subsequent LO leader Bertil Jonsson had, however, turned the atmosphere into adopting a more open approach, especially compared to Danish LO.
  - 13 The Danish No-to-Maastricht-movement, with strong support in the trade unions, had forcefully argued that the concept of social policy and European negotiations enshrined in the MSA would imply a farwell to the Danish model of industrial relations and erosion of trade union sovereignty.
  - 14 In informal conversations during the conference several key actors in the Nordic confederations expressed concern that the strengthened position of the industry committees in ETUC, decided at the 1991 Congress, could destroy ETUC and open for sectoralisation, therewith undermining the leading role of the confederations.
  - 15 A resolution on the Danish No-Vote was adopted, stating that ETUC remained firmly in favour of ratification of the treaty, but demands were raised that the EMU convergence programmes should be negotiated with unions at the national level and underpinned by adoption of a co-operative growth and employment strategy. Furthermore, it was demanded that the blockage of EC social policy was brought to an end and preparations should be made to ensure strengthened social policy and democracy in the next treaty reform in 1996. The meeting also adopted a statement on the Delors II budget package, reiterating the demand for a co-operative growth strategy.
  - 16 "Assessment of the Social Dialogue after Maastricht and outlook", ETUC Executive Committee, Geneva 11-12 June 1992.
  - 17 Minutes, ETUC Executive Committee Meeting, 11-12 June 1992. The meeting also accepted a draft Joint opinion on "Vocational Qualifications and Certification" prepared by the ad-hoc Social Dialogue working group on Education and Training.
  - 18 "Guidelines for collective bargaining and prospects for developing the social dialogue following the Summit of 3 July 1992", ETUC 29.9.1992.
  - 19 Several representatives, especially from Nordic and Southern affiliates, expressed fear of a vicious circle leading to social cut-backs and raising unemployment as a result of deflationary economic policies associated with the national convergence programmes. In Italy great labour unrest had accompanied the government's austerity programme and the abolition of the "Scala mobile". Similar developments could be traced in Spain and other countries. Still, especially German, Belgian, Dutch and Irish representatives argued that the EMU programme had to be continued in order to avoid renationalisation, competitive devaluations and further crisis of integration. Instead, ETUC should pressure for reinterpretation and, if possible, amendments of the con-

- vergence criteria and the time-schedule, they suggested.
- 20 This seemed as an organisationally logic but strategically questionable proposal since European negotiations most likely would concern legislative social policy proposals and the strategic issue would be whether to follow the legislative or the negotiating path.
- 21 Based on the Joint Statement on a Co-operative Growth Strategy from the Social Dialogue Summit 3 July, ETUC, CEEP and UNICE eventually succeeded in getting meetings with the EC Presidency of John Major (getting the TUC leader to Downing Street for the first time since the 1970s). According to ETUC sources, this lobbying, co-ordinated with Delors, was actually important for the Edinburgh Summit's adoption of (modest) measures to encourage economic confidence and recovery, the subsequent year leading to preparation of the Delors White-Paper on Growth, Competitiveness and Employment.
- 22 The conference "From Maastricht to EMU: Role and Responsibilities of the Social Partners", 9-11 November 1992, financed by the Commission DG V, was unofficially seen as a farwell event to V. Papandreou as Commissioner of Social Affairs. With a large number of experts invited to elaborate the challenges of European social dialogue, the conference provided a convenient arena for coalition-building and exchange of views between ETUC affiliates in view of the forthcoming Executive Committee meeting where the ETUC strategy should be decided. Many of the national representatives also actively spread their national replies to the ETUC strategy document.
- 23 Reflecting the different degree of disagreement and opposition against the ETUC Secretariat's proposal, the written replies varied significantly in length and style. While the Nordic and German unions submitted extensive and detailed comments and criticism, the other associations submitted fairly short letters.
- 24 "Comments by LO Sweden regarding the ETUC proposal on Collective Bargaining in Europe – the ETUC Strategy", adopted by the LO Executive Committee 26.10.92. The subsequent references and quotations are drawn from this document.
- 25 "TCO views concerning the Social Dialogue and European Collective Bargaining" (29 October 1992). Only a few points of the TCO response are referred, since it mainly conformed with the view of LO. Mainly organising employees in the public sector, the TCO was even more restrictive than LO with regard to cross-sectoral negotiations. On the other hand, TCO seemed somewhat more positive to lower-level negotiations, provided that adequate legal frameworks were installed.
- 26 "European Collective Bargaining – ETUC Strategy. Observations by the Central Organisation of Finnish Trade Unions (SAK)", SAK Economic Policy and International Units (1.11.92).
- 27 "Reply to the ETUC draft document on European collective bargaining" (LO, FTF, AC 3.11.1992). The Danish response is only briefly referred since it largely conformed with the Swedish replies, although a slightly less restrictive approach to negotiations at sectoral and company level could be observed.
- 28 "European Collective Bargaining", letter to the ETUC from Yngve Hågensen, LO Norway (13.11.1992).
- 29 In a letter from LO Norway to the Norwegian Foreign Ministry ( 23.10.1992), it was informed that the EC Commission refused to allow EFTA organisations full representation in the social dialogue until the EEA agreement was ratified and co-financing from EFTA was secured. Arguing for the decisive importance of participation by EFTA organisations on an equal footing, LO urged the Norwegian government to push the issue of co-financing via EFTA.
- 30 "Document Executif CES, Negociation collective européenne – Amendements CGIL-CISL-UIL" (10.10.1992).
- 31 Letter from Force Ouvriere (by Jaques PE) to Emilio Gabaglio, ETUC (29.10.1992). FO was one of the most consistent representatives of a "syndicalist" approach within the ETUC and was one of the ETUC affiliates within the Community that was most critical of the Maastricht TEU (see section 9.7). Thus FO did not take any clear stance on ratification associated with the French referendum in September 1992.
- 32 Letter to ETUC by Jean Lapeyre from CFTD by Jean Limonet (4.11.1992)
- 33 "European Collective Bargaining – ETUC Strategy", letter to ETUC from TUC by Simon Wilson, (13.11.1992).
- 34 Interviews with Joachim Kreimer-de Fries, Abteilung Tarifpolitik und Arbeit, DGB (25.2.1993), Peter Seideneck, International Department of DGB (25.2.1993) and several conversations with Manfred Bobke, assistant general secretary of EMF (European Metalworkers' Federation). Bobke had previously worked both in IG Metall and the Social Policy Department of the DGB, and was closely involved in German policy formation on this issue at the time.
- 35 Respectively Klaus Schmitz and Michael Geunich.
- 36 According to my sources, this was partly a coincidence, since one of the key figures in DGB responsible for collective bargaining did not want to take part, presumably because she, in view of former social dialogue results, did not consider the Ad Hoc Group of any importance.
- 37 "In seiner Stellungnahme zum Maastrichter Gipfel vom 5. Dezember hat der Bundesvorstand daraufhin auf eine Unterstützung des Vorschlags der Sozialpartner verzichtet und stattdessen die Erwartung zum Ausdruck gebracht, dass die Tarifhoheit der Sozialpartner, die Verhandlungsfreiheit von Gewerkschaften und Arbeitgebern und die grenzüberschreitende Normsetzungskraft von Tarifverträgen auf Gemeinschaftsebene in neuen Vertrag verankert werden" ( Kreimer-de Fries 1992a: 6).
- 38 Two reasons seem plausible for understanding that the DGB representatives never raised the issue at the ETUC Executive Committee meeting. One is that to withdraw German support of the 31 October agreement

at such a late stage would ruin the credibility not only of the ETUC but also of the DGB. Another is that the confederal representatives of the DGB actually regarded the provisions of the 31 October agreement positively and were willing to ignore the opposition of the domestic industry unions, possibly in order to enhance the role of the DGB. Most likely the two reasons interacted, suggesting that in this case the confederal national actors, through their involvement in the process at European level, had been locked into a position that was regarded as potentially helpful in domestic power struggle. In addition, the DGB representatives may have judged it tactically more feasible to adjust DGB policy and influence ETUC policies through subsequent practice than by engaging in a spectacular U-turn after the point of "no return" had been passed. This event also underscored the role of micro-sociological factors in shaping European level developments. The rather coincidental choice of DGB representatives to the Ad Hoc Group happened to influence events quite significantly, as did presumably the "face-saving" desire of the responsible DGB actors which meant that the retreat of the DGB was not made public.

- 39 "Europäisierung der Tarifpolitik und Vereinbarungen der EG-Sozialpartner" (25.2.1992) and "Europäische Dimension der Kollektivvertragspolitik und Vereinbarungen der Sozialpartner auf Gemeinschaftsebene" (8.4.1992), drafted by Joachim Kreimer-de Friès, DGB. (These are referred to as Kreimer-de Fries 1992a, b).
- 40 "Da die Unternehmen im einheitlichen europäischen Wirtschafts- und Währungsgebiet im unmittelbaren Wettbewerb zueinander stehen, können auch die Beschäftigungsinteressen der Arbeitnehmer verschiedener Mitgliedsstaaten stärker konkurrieren. Dies kann zu sehr unterschiedlichen, ja gegensätzlichen Vorstellungen der einzelstaatlichen Gewerkschaften über die anzustrebende Konvergenz oder Differenz in der Lohn- und Arbeitszeitpolitik führen" (Kreimer-de Fries 1992b).
- 41 In the background discussion papers, concern was expressed with regard to who could be competent of implementing cross-sectoral European agreements in Germany since neither the DGB nor the BDA had any mandate to pursue such bargaining and consequently would have to be delegated a mandate from their affiliates (Kreimer-de Fries 1992b).
- 42 This stance reflected the DGB concern that European agreements through Council decision could be made generally binding even on unions that had not taken part in the negotiations.
- 43 This paper was translated into French and circulated within the trade union networks, among other places at the mentioned Athens conference. Its author became the key spokesman of the DGB at the Luxembourg conference.
- 44 Letter from IG Metall, signed by Klaus Lang, to DGB Tarifabteilung (30.10.1992). Here it was asked who had at all legitimised the ETUC to pursue the 3 July Social Dialogue Summit, and the ETUC assessment of the Summit was characterised as naive: "In der Beurteilung des Gipfel (...) kommt die gesamte Naivität des EGB zum Ausdruck, als ob nicht auch schon längst vor diesem Gespräch am 3. Juli hätte klar sein müssen, was sich die UNICE von Sozialen Dialog verspricht, warum und mit welcher Zielsetzung sie ihn fortführen will. Der UNICE-generalsekretär hat dies doch mit unüberbietbarer Deutlichkeit auf der Konferenz in Luxemburg am 1. Juni 1992 zum Ausdruck gebracht".
- 45 "Vorlage für den Exekutivausschuss im Dezember 1992. Tarifverhandlungen Europa – Strategie des EGB." DGB letter to the ETUC (6.11.92). Here it was also referred to the discussion papers of Kreimer-de Fries and the position-paper adopted by the DGB Bundesvorstand 5.5.1992.
- 46 It should be noted, however, that within the DGB and some industry unions, for example the IG-Chemie, less reluctant attitudes to European negotiations and social dialogue prevailed, indicating that further internal tension could evolve. Misgivings about the delayed and high-handed German power-play could be traced, together with concern about the overall lack of German involvement and strategy, reflecting what to many seemed as unfounded selfcontent and a potentially dangerous neglect of European policy. Sources: Interviews with Reinhardt Reibsch, IG-Chemie (24.2.1993), Peter Seideneck, DGB (25.2.1993), Helmuth Schauer, IG Metall (25.2.1993) and Wolfgang Lecher, WSI (26.3.1993). See also Jacobi (1994).
- 47 In that sense the confederal representatives of the DGB who had participated in the 31 October negotiations had achieved acceptance for an institutional European solution which otherwise would most likely have been bogged down by the German industry unions.
- 48 This presentation is based on a number of interviews with Belgian union representatives: In the CSC, Rudie Delarue and Ronald Jansson (January 1992, 16.10.92, 29.3.1993); in the FGTB, Robert Vorhammer (27.1.1993), Jos Janssen (18.2.93, 24.1.1994, 17.2.1995), Jean-Paul Delcroix (4.3.1993), and a number of interviews with representatives of CSC and FGTB industry unions in April 1993. In-depth discussions were also pursued with a number of Belgian experts on industrial relation, notably Jorris van Ruysseveldt (26.3.1993), Jim Van Leemput and Jacques Vilrocx (22.3.93), Jean Verly (23.3.93) and Ann Raulier and Philip Pochet (19.2.93).
- 49 As shown in chapter 6, this had been a consistent demand of Belgian unions from the early 1950s, often meeting with German reluctance, however.
- 50 The European policies of German and British trade unions are analysed in a forthcoming Ph.D-thesis of Oliver Röthig, due to be submitted at London School of Economics.
- 51 Interview with R. Vorhammer FGTB (27.1.1993). In my interviews with representatives of Belgian industry unions, numerous examples from transnational companies with cites in both Belgium and Germany were

- referred to. According to them, this illustrated that Belgian unions often became engaged in regulatory competition and rivalry with German fellows over investment and jobs, accentuated by disparate working time policies and practices of working time flexibility. The self-proclaimed vanguard role of some German unions in this area was, according to Belgian unionists, often contradicted by lax practices and concessional plant level agreements, fuelling Belgian opposition against the bigger brother.
- 52 This view has been shared by a number of German trade union representatives as well, criticising the inward looking approach of many German unions, a feature which became reinforced after the reunification (see also Jacobi 1991, 1994, Turner 1993 and Röthig 1993 and forthcoming).
- 53 Interview with Jos Janssen, international secretary of the FGTB (18.2.1993).
- 54 "La Dimension Sociale de l'Union Européenne: Un Bilan", FGTB internal document (3.11.1992).
- 55 Interview with Jos Janssen, FGTB (18.2.1993).
- 56 Interview with Robert Vorhammer, national secretary of the FGTB (27.1.1993).
- 57 Interview with Robert Vorhammer (27.1.1993).
- 58 Although the call for mass mobilisation and establishment of trade union counter-power has been most pronounced in the case of the Socialist FGTB, the Christian CSC has shared the overall approach sketched above.
- 59 Also this meeting was marked by the Community ratification crisis and initiatives to influence the forthcoming Edinburgh Summit. The aim was to find a way of coping with the Danish rejection of the new treaty and launching initiatives against the deepened economic and unemployment crisis in Europe, leading to adoption of an ETUC statement to the Edinburgh Summit. In this discussion increasing frustration over the EMU convergence programmes came to expression and the president of DGB, H.-W. Meyer, indirectly touched the question of whether the ETUC affiliates really wanted a 'two-speed' EMU. Moreover, plans for a European Action Day on 2 April 1993, aimed at mobilising against unemployment and for a social Europe, was agreed, as was a document on European taxation policies, calling for closer Community co-ordination in order to offset tax competition.
- 60 Stronger emphasis was laid on the basic role of national collective bargaining and the need for co-ordination and structured interconnections between national and transnational bargaining "on issues which cannot be resolved on any other level"; it was stated that "European bargaining is not an end in itself", but a means of addressing cross-border problems (quote from LO Sweden comments); contrary to the first draft, a second social action programme was proposed in order to inject new political dynamism; a distinction was proposed between "bargaining derived from legislation" and "bargaining derived from the autonomy of the social partners" (cf. German and Nordic comments); it was emphasised that bargained legislation should not be allowed to "shackle and subjugate the European union movement to legislation"; the industry and sectoral levels were frequently referred to as the key levels of development (cf. German comments); the previous formulation that the ETUC each year would establish a list of common bargaining objectives had been amended into "the ETUC will at regular intervals set the common priorities to be advanced at the different levels of bargaining"; the Nordic demand for equal participation of EFTA unions was taken on board; with regard to mandates, the formulations were stricter, and, finally, as regards establishment of bargaining power new formulations intended to accommodate German criticism had been inserted, underscoring the need for development of independent trade union power based on "a genuine dynamic impetus (...) chiefly from the European industry committees and transnational group committees (...) but also (from) national level" (Source: "European Collective Bargaining – ETUC Strategy. Guidelines for collective bargaining and prospects for the development of the Social Dialogue", document forwarded to the ETUC Executive Committee meeting in London on 3-4 December 1992.)
- 61 This signalled a conflict which should prove to continue, leading to repeated clashes between the ETUC responsible, Jean Lapeyre, and the director of EURO-FIET, Bernadette Tesch-Segol, in the years to come.
- 62 According to German sources, the DGB had just sent its amendments without exerting any further pressure, and the DGB actors had warned against the Secretariat intention to put them directly into the document. In his introduction, Jean Lapeyre informed that the insertion of the German amendments did not imply any criticism or substantial changes. Moreover, he informed about the stalemate of Community social policy, telling that the new DGV leadership and the Commission apparently did not plan any new initiatives and seemed inclined to leave the responsibility to the social partners, thereby sapping the dynamic of the process. The ETUC had therefore started to work on a Second Social Action Programme, as proposed by several affiliates, he informed.
- 63 The document (dated 10.2.1993) had arrived only a few days before the meeting.
- 64 "Collective bargaining also needs to be carried out at national level in the new phase of European integration and trade union bargaining power should be strengthened to that end" (ibid.).
- 65 Typically, a sentence about the Maastricht Social Agreement (MSA), stating that the ways of implementation "raises a whole series of political and legal problems" also triggered divergent views. The TUC recalled that the British were not covered by the MSA and preferred to refer to the 31 October agreement, while the FO wished to delete the focus on problems. The DGB and the TCO insisted on keeping this formulation in order to show "critical realism", but a compromise formula was found by replacing "problems" with "questions".
- 66 If the learning capacity of the Secretariat had been limited on earlier stages, as complained by IG Metall, it had

- certainly caught up. A plausible interpretation of this Secretariat U-turn might be that it had realised the risk of a serious deadlock or cleavage within the ETUC on the issue, making it urgent to get the Germans "on board".
- 67 Here, the Swedish LO wanted a more stringent formulation, ensuring "explicit permission from organisations concerned".
  - 68 The most pronounced critics of the proposed Joint Statement were the French FO and CFDT, the German DGB, the Italian CGIL, the Belgian CSC and FGTB, the Danish LO and the British TUC. In the Nordic pre-meeting (4 March), it was argued by Swedish actors that the Joint Statement would be seen as conservative policy in the domestic context; the Swedish prime minister Bildt would have been delighted if the trade unions had agreed to such a statement. It was therefore proposed to concentrate instead on achieving a better statement through the forthcoming top-level meeting between EFTA countries and the EC on 19 April 1993, convened by the Norwegian prime minister Brundtland. In other words, political channels to national governments were perceived as more promising than the European social dialogue channel.
  - 69 An essential issue in this struggle was whether the Nordic countries would have to introduce "erga omnes" procedures in order to prevent social dumping, and whether industrial action with the purpose of blocking foreign companies not applying national conditions would be in conflict with Community law. The Danish organisations raised the issue with the Commissioner Flynn and was politically assured that Danish practice could be maintained, provided it was not of discriminatory character. This political interpretation was questioned by legal experts, however. An interesting consequence was that Norway, on the request of the trade unions, introduced legislation that opened for generalisation of individual terms of collective agreements in order to prevent social dumping by foreign companies, while such measures were strongly opposed by Swedish and Danish trade unions. For a more detailed analysis, see Dølvik (1993a).
  - 70 The Norwegian LO was also concerned that organising a European action day could be mis-interpreted and cause unintended domestic consequences in a situation where LO had not yet taken a position on EU membership, possibly triggering anti-EU mobilisation rather than support for a social Europe.
  - 71 Eventually, the lukewarm participation of a limited number of German unionists in the Maastricht demonstration caused anger in the Belgian union leaderships.
  - 72 According to the ETUC, the Action Day 2 April 1993 was "a resounding success. For the first time ever, the Confederation synchronized the support of the entire European trade union movement behind a common platform of demands in a demonstration of the ETUC's representative capacity and influence" (ETUC 1995a: 11). The assessment of several affiliates was as indicated more mixed, however. In many countries the event turned into rallying over pure domestic issues and in some countries the arrangements were fairly symbolic.
  - 73 This section is based on interviews with Antonio Lettieri, head of International department of CGIL (5.3.1993), Ettore Masucci, representative of CGIL in the ETUC Executive Committee and ECOSOC (9.3.93) and Giacomina Cassina, a key representative of CISL in the ETUC and ECOSOC (10.3.93).
  - 74 The CGIL (5 million members); CISL (3.2 million); and UIL (1.3 million) had altogether more than 9 million official members (including pensioners) (Visser and Ebbinghaus 1992: 216).
  - 75 This was exemplified by the frequent ETUC rows over the rights of third country immigrants on which Nordic affiliates, in the view of Masucci, had always been very restrictive. (This had been a hotly debated issue at the 1991 Congress.)
  - 76 This view is interesting because it addresses the misconception that trade union Europeanisation can be pursued simply by delegating tasks and responsibilities to Euro-level bodies. Instead it indicates that a sustainable Europeanisation of trade union policies will have to rely on a closer involvement of national actors, therewith linking together rather than separating national and European policies.
  - 77 This section is based on an interview with Jean Pierre Yonnet, the Brussels representative of the FO-CGT (9.3.1993).
  - 78 According to Visser and Ebbinghaus (1992: 216), the FO had 450,000 members in 1989, approximately equaling that of the CFDT, while the membership of CFTC, the third French ETUC affiliate, was considerably lower. While CFDT and CFTC were strongly integrationist in their attitudes, the FO approach to EC/EU integration was more conditional, as mentioned indicated by the fact that the FO left the question whether to support the Maastricht TEU in the referendum to its members.
  - 79 Interview with Willy Wagenmann, International Department of the FNV (24.3.1993). According to Visser and Ebbinghaus (1992: 216), the FNV in 1989 had 967,000 members.
  - 80 Interviews with TUC deputy general secretary David Lea (5.3.1993 and 20.4.1993); Simon Wilson, TUC (8.3.1993); and Bill Jordan, president of the AEEU (Amalgamated Engineering and Electrical Union), now general secretary of the ICFTU (11.3.1993). During a one week visit in London in April 1993, I also interviewed representatives of TGWU (Transport and General Workers Union) (Regan Scott); MSF (Manufacturing Science Finance) (Hilary Benn); NUPE (National Union of Public Employees) (Peter Morris); GMB (former General and Municipal Workers) (Rachel Brooks), and BIFU (Banking, Insurance and Finance Union) (Jon Robinson), together with experts at the Industrial Relations Research Unit at Warwick University (Mark Hall and Jeremy Waddington) and Professor Lord Wedderburn at London School of Economics. I will not go into detail on each union's view on European negotiations here, but mainly use their input as reference points for portraying the

- TUC position.
- 81 For further analysis of the TUC shift of approach to Europe, see, e.g., Teague and Grahl (1992), MacShane (1991) and Monks (1994).
  - 82 From 1979 to 1987 the overall membership of British unions declined from more than 12.6 million to some 9.9 million while the manual worker membership declined with almost 2.5 million (from 7.5 million to 5.1 million (Edwards et al. 1992: 34).
  - 83 As another TUC source pointed out to me, the TUC representative's acceptance of the 31 October agreement had also to do "with the psychology of not showing cards". As earlier indicated, a similar logic had evidently influenced the German representatives.
  - 84 Interview with Simon Wilson, TUC (8.3.1993).
  - 85 Interview with David Lea, TUC (20.4.1993).
  - 86 Interview with Bill Jordan, AEEU (11.3.1993).
  - 87 Concerning the AEEU preference for building up European industrial relations from the company level, several British unionists pointed out that the absence of nation-wide sectoral bargaining meant that the obstacles to Europeanisation of union policies from "below" were lower in the UK than in other countries where this was seen as a threat to the industry unions.
  - 88 As suggested by Simon Wilson (TUC), the ETUC difficulties of accommodating a compromise drew attention to a distinction between national level negotiations – where established legacies of mutuality enhance compromise – and the European level, where the comparative logic at each side of the table tend to force actors into mini-max positioning, reducing the compromise ability (Interview 8.3.1993).
  - 89 Interview with Emilio Gabaglio, ETUC (16.4.1993).
  - 90 Interview with deputy general secretary of ETUC, Marku Jäskäläinen (8.3.1993).
  - 91 As to the role of Nordic unions in the Europeanisation of collective bargaining, Jäskäläinen expected no strong impetus, however. Like the Germans, "Nordic industry union leaders do not cede a millimeter of power against their will, and they have a strong inclination to draw the line against the confederations". In general, Jäskäläinen meant that the Nordic affiliates had become less strategic in the ETUC contexts during the last decade, partly owing to the acceleration of EC integration, partly owing to the "Danish complex". Despite twenty years of EC membership, Danish unions consistently held a minimalist approach to Community integration; for example, the Danish LO had recommended a rejection of Danish ratification of the Single European Act.
  - 92 Interviews with Peter Coldrick (27.11.1992, 16.12.1992), besides numerous conversations (see also Coldrick 1992). Coldrick, who came from the British TUC, had worked in the ETUC Secretariat since the early 1970s and was now responsible for economic policy. Being responsible also for ETUC relations with the EFTA unions, he had long experience with Nordic trade unions. Through my field study in ETUC Coldrick became a key informant with whom I enjoyed running contact and discussion of indispensable value for my gradual understanding of the way things worked inside the ETUC culture. Without his always open door, this study would have been much more difficult to accomplish.
  - 93 Coldrick here evidently alluded to a growing impatience with the Nordics among several continental unions. In a situation where renewed impetus and commitment to European social policy and labour relations had been developed by Community actors, it was not always easy to accept that Nordic EFTA unions should be allowed to halt or dilute ETUC policy, while at the same time demanding full and equal participation in the social dialogue, which predominantly was funded and facilitated by Community sources. Against this background, it was no secret that scepticism of Community enlargement North-wards prevailed within several Southern unions, owing also to the minimalist Nordic approach to Community integration. On the other hand, Northern enlargement was by many actors conceived as an advantage, both owing to the expected role of the Nordic countries as net-contributors and their generally positive attitude to European social policy.
  - 94 In my interviews, this view was supported by several German trade union representatives. In their view, the somewhat shy or timid role of German representatives reflected their historically rooted, ambiguous perception of national interests and identity. While, for example, Nordic, Italian and British unionists gladly refer to national interests and their national "models", German representatives normally do not present their case with such connotations. This aspect, indeed, became even more pronounced after the German reunification, reflecting the wide-spread concern about the future role of Germany in Europe.
  - 95 In a certain sense the expectation of Coldrick was later confirmed by the Swedish proposal to insert provisions on employment in the new treaty in 1996 and the important role of the eventual Swedish head of DG V, Allan Larson, who became a central instigator of more active Community labour market policies.
  - 96 Interviews with deputy general secretary of ETUC, Jean Lapeyre (30.10.92), i.e. in the midst of the ETUC debate, and (7.6.1993).
  - 97 In 1988, French unions and employers had signed broad "orientation agreements" at the central level with the purpose of guiding lower level bargaining (see Carley 1993 and Goetschy and Rozenblatt 1992).
  - 98 Interview with Jean Lapeyre, ETUC (7.6.1993).
  - 99 In 1996, this idea was launched by the ETUC and the Commission related to the so-called Confidence Pact (see section 10.2.7).

- 100 If true, the logic of influence would in a certain sense prove to overrule the logic of membership. On the other hand, this was afterall the path which represented the least challenge to national affiliates in terms of transforming domestic bargaining structures, so indirectly it could be argued that the two logics coincided.
- 101 Those included directives on minimum protection of "pregnant workers" (Council Directive 92/85/EEC) and "the organisation of working time" (Council Directive 93/104/EC), defining maximum weekly working time, rest-periods etc. (Dølvik and Olsen 1994). Both directives were by the ETUC seen as overly modest and, in the case of working time, allowing far too much scope for flexibility and derogations.
- 102 In private, however, central actors admitted that this was less a demonstration of the deficit of Community policies than a blatant illustration of disorganisation and lack of practical solidarity within the trade union movement with respect to job-competition. How could the British AEEU, headed by a key figure in the European Metalworkers' Federation (EMF), allow such an event to come to pass?, and where had the EMF been in this case? Queries like these posed a delicate apropos to the ongoing ETUC strategy debate.
- 103 "Social Dialogue Committee Brussels 16 February 1993", ETUC document, Executive Committee 4-5 March 1993.
- 104 This concerned central bodies like the Committee for Vocational Training (ACVT); Social Security for Migrant Workers and Freedom of Movement for Workers; Health and Safety at Work (ACHS) and Equal Opportunities. The ETUC also called for stronger involvement of the social partners in reform and governance of the Structural Funds, where the new treaty implied that the Social Fund should support adjustment measures for employees related to industrial restructuring. UNICE, however, claimed this could amount to an "industrial policy through the back-door" and refused a joint statement, but agreed to continue discussions. The parties agreed to call for a revitalisation of the Standing Employment Committee, which was requested to be extended by inclusion of the ECOFIN ministers, and a working group was set up to submit proposals to the Community Presidency. The preliminary findings of the Commission study of representativity of the social partners, which was a response to the growing demand of new organisations to participate in the social dialogue, were also discussed. In spring 1993 the Danish Presidency staged a big conference on the role of the social partners in the social dimension of the internal market and a joint social partners seminar was held 24 May 1993 on the "Practical aspects of the implementation of the Social protocol and Eleven Agreement" (Source: Report from Social Dialogue Committee 16 February, LO Sweden).
- 105 Proposals by the Social Partners for Implementation of the Agreement appended to the Protocol on Social Policy of the Treaty on European Union, 20 October 1993.
- 106 "Main Findings of the Social Partners Study", Doc. no. V76141/93 Appendix 1 DG-V
- 107 In interview with Jean Degimbe, head of the Social Dialogue Unit in DG V (3.5.1993), however, I was informed that the legal services of the Commission were not able to judge what a proper legal interpretation was, and when the first European agreement was finally implemented by Council decision, in the spring 1996, it was actually given the form of a directive.
- 108 See also Report of the Committee of Social Affairs, Employment and the Working Environment on the new social dimension of the Maastricht Treaty, the European Parliament, 1 September 1993 (A3-0247/939).
- 109 Resolution, ETUC Executive Committee 4.10.1991.
- 110 UNICE, Position Paper on European Works Councils Directive, 4 March 1991. For more detail on UNICE arguments, see Gold and Hall (1994), Falkner (1996a) and Knudsen (1997).
- 111 This spurred UNICE to launch a public attack on Community funding of the ETUC (Knudsen 1997), claiming that the MSA rule about balanced support of the social partners had been violated. UNICE itself always refused EC/EU money. Recalling the argument of Streeck (1994) that the Community had no capacity to accommodate the balance of power between capital and labour in favour of the weaker, the financing of these ETUC activities might be seen as an attempt by Community institutions to do so.
- 112 The empirical documentation in this section relies heavily on the work of Helene Ohm (1996) whose post-graduate thesis at the University of Bergen – "Strategiske valg i institusjonell kontekst. Partene i arbeidslivets valg mellom lov og avtale på europeisk nivå" – provides a detailed account of the negotiations between ETUC and UNICE in the EWC case and the parental leave case.
- 113 Moreover, workers' representation should be structured, permanent, and involve a transnational bargaining committee, including official employee representatives and the general management of the firm.
- 114 ETUC spelt out three essential requirements: (1) Recognition that workers and their representatives have a right to be informed and consulted at transnational level; (2) acceptance of the responsibility of central management for negotiating arrangements for the transnational representation of workers, or equivalent procedures, with a representative delegation of workers; and (3) the establishment of a fall-back arrangements for cases where negotiations are refused or fail, covering a recognised structure of worker representation, and the conditions for exercising the right to information and consultation at transnational level. (Gold and Hall 1994: 180).
- 115 UNICE, in addition to recognising the right to information and consultation in MNCs, proposed that the partners should seek "(2) agreement on the principles of establishment and implementation of this right; and (3) agreement on certain minimum provisions which should be enforced in case agreement could not be reached" (UNICE Press 23.3.1994).

- 116 According to Carlos Savoini, head of the DG V unit responsible for social dialogue at the time, both French and Italian employer associations exerted strong pressure within UNICE (interview 3.10.1996), while, according to general secretary of the ETUC, Emilio Gabaglio, several large MNCs had approached the ETUC during the process, indicating they wanted a more accommodating UNICE approach (interview 25.1.1996).
- 117 According to UNICE sources, the CBI retreat was greatly influenced by pressure from the British government (Renate Hornung-Draus, BDA, intervention at IIRA Conference, Dublin, 26 August 1997).
- 118 General secretary Emilio Gabaglio, ETUC, speech at ETUC Conference on EWC and the Europeanisation of Industrial Relations (3.10.1996).
- 119 Interview with previous director of DG V, Carlos Savoini (3.10.1996).
- 120 Interviews with E. Gabaglio, ETUC (25.1.1996), P. Brennan, the Irish Business and Employers Confederation, IBEC (25.1.1996), and V. Lindefeld, NHO Norway (16.1.1996).
- 121 Joint letter from CEEP, ETUC and UNICE to the Commission on how to implement the MSP (19.10.1993).
- 122 In interviews with P. Brennan, IBEC (25.1.1996) and V. Lindefeld, NHO (16.1.1996), it was mentioned that the traumatic EWC calamities gave rise to intense debates within UNICE, leading to a sidelining of the CBI in negotiating issues and efforts at clarifying procedures for decision-making, national mandating and co-ordination (see also Falkner 1996a: 198).
- 123 Interview with E. Gabaglio, ETUC (25.1.1996).
- 124 Interview with J. Morin, DG V European Commission (26.1.1996).
- 125 Interviews with K. A. Sanden, head of the Brussels office of LO Norway (25.1.1996) and J. Morin, DG V (26.1.1996).
- 126 Interview with E. Gabaglio, ETUC (25.1.96).
- 127 UNICE maintained that effective measures would have to be adjusted to the needs of the individual company and employee, while the role of public authorities should be geared towards facilitating part-time work and child-care (UNICE 26.4.1995, in Ohm 1996). Moreover, UNICE argued that the previous proposals conflicted with the subsidiarity principle since legal and negotiated regulations already were in place in most nation-states, in addition to reiterate its usual line of argument that European regulations would create additional costs and rigidity, harming competitiveness and job creation.
- 128 This was expressed in a speech by Zygmunt Tyszkiewicz, UNICE, at the ETUC Congress, May 1995.
- 129 Personal observation, see also *Agence Europe* (10.5.1995).
- 130 Even in the Nordic countries, assumed to be pioneers in the field of parental leave arrangements, this might provide ground for innovation. As pointed out by Falkner (1996d: 4), however, the agreement was not unequivocal on the point of non-transferability.
- 131 ETUC, Assessment of the Parental Leave Agreement (9.11.1995). According to the document, the agreement was "far superior to the text blocked in the Council in September 1994".
- 132 The UNICE president Perigout confirmed, however, that UNICE had entered the negotiations "mainly because it is convinced that agreements, freely arrived through bargaining between employers and trade unions, can meet the needs of companies and of their employees better than directives which would otherwise be proposed" (Falkner 1996d: 18).
- 133 In fact, the DG V of the Commission had circulated the parental leave agreement to several outside associations (including CESI) to hear their views, causing irritation in ETUC and UNICE, and commissioner Flynn had invited views from the EP in early January. In the view of ETUC and UNICE, the choice of a directive as regulatory instrument could represent the risk of activating the whole set of legislative procedures associated with the co-operation procedure of the treaty which might cause difficulties (interviews with E. Gabaglio, ETUC, 26.1.96 and V. Lindefeld, NHO, 16.1.96).
- 134 See EP Committee of Women's rights (8.1.1996) and *Agence Europe* (2.3.1996).
- 135 Interview with J. Morin, DG V (27.9.1996).
- 136 This view was confirmed in interviews with representatives of the ETUC (E. Gabaglio 25.1.96) and participants of the UNICE delegation (P. Brennan 25.1.96 and V. Lindefeld 16.1.96).
- 137 Interviews with E. Gabaglio (25.1.1996), P. Brennan (25.1.1996), V. Lindefeld (16.1.1996) and B. Rønngren, LO Sweden (22.1.1996).
- 138 Interviews with P. Brennan, IBEC (25.1.1996) and V. Lindefeld, NHO (16.1.1996).
- 139 Interview with V. Lindefeld, NHO (16.1.1996).
- 140 Interview with E. Gabaglio, ETUC (25.1.1996).
- 141 Minutes ETUC Executive Meeting 29.6.1995.
- 142 Interview with B. Rønngren, LO Sweden (22.1.1996) and statement by W. Ueberbach of DGB (Minutes ETUC Executive Committee Meeting 14.12.1995).
- 143 Even though the EIFs had been represented in the ETUC negotiating team, some of them claimed that the ETUC, as a result of UNICE opposition, had sold out the option for supplementary sectoral negotiations, which initially had been part of the ETUC demands. (Interview with Bernadette Tesch-Segol, EURO-FIET, 4.10.1996).
- 144 Social purposes were still not regarded as a sufficient cause to regulate at European level, the principle of non-discrimination and provision of a level playing field of competition continued to be a necessary source of



- justification, at least for legitimating reasons. This supports the interpretation that EU social policy continued to be focused on market-making (or braking) and accommodation of the interfaces between different national systems (Streeck 1995a, b).
- 145 UNICE, Flexibility in working time and security for workers. UNICE response to first stage consultations with the social partners (15.12.1995).
  - 146 ETUC, Flexibility in working time: State of the consultation by the Commission and hypothesis for the ETUC's work in this area, Document for the Executive Committee (27.2.1996). Recalling the difficulties in the negotiations on parental leave on social security, the document stated "it would probably be extremely difficult to get an undertaking from employers on this issue", first, because "employers will argue that this matter does not come under the competence of the Social Partners" and, secondly, "Member-states are likely to resist any social partner agreement which imposes binding requirements regarding social security provisions, above all during the Treaty review period."
  - 147 Interviews with international secretaries K. H. Nachtnebel, ÖGB, and J. I. Nilsund, LO Norway (16.9.1996). The only affiliate to voice opposition was the Norwegian LO, which maintained that the issue was best dealt with at the national level. The main reason for this, also shared by other affiliates, was a fear that European negotiations could lead to an agreement that could be used to legitimise national employer demands for more flexibility. Also LO Norway, however, declared its readiness to comply with a majority decision.
  - 148 Sources: "ETUC, Flexibility of working time and security for workers. ETUC's negotiating mandate, draft" (12.9.1996), adopted by the Executive Committee 9-10 October 1996 and "Note: Background information on the theme for negotiations" (10.7.1996).
  - 149 Other aspects mentioned were skilling, continuous vocational training and career development; paid leave; protection against redundancy; collective representation and trade union rights; supplementary social protection (accession to pension funds etc.) and social benefits provided by companies; and protection against indirect discrimination. Guarantees should also be sought regarding the option of reversing one's choice of atypical employment and provision of information to be given to workers' representation bodies.
  - 150 As suggested in Dølvik (1992), this model would, under the prevailing circumstances, assumingly be the most realistic way to proceed. Such complementary interplay between legislation and negotiations had in fact been an element in EC/EU legislation in several cases, most pronounced in the EWC case, but also in directives on collective redundancies, transfer of undertakings, and working time, where the effectuation of employee rights presumed organised relations with employee representatives. Especially by British trade unions, this was seen as an important means to demand recognition of trade unions and reinstatement of negotiating relations with management (see also Rhodes 1995: 100).
  - 151 Interviews with B. Rønngren, LO Sweden and K. A. Sanden, LO Norway, who both had taken part in the negotiations (14.5.1997).
  - 152 A similar contested clause applied to the member-states, requested to eliminate legal-administrative obstacles, but by emphasising the need for "consultation with the social partners in accordance with national law and practice" and adding the phrase, "where appropriate", also this was accepted by the trade union side.
  - 153 Interviews with B. Rønngren, LO Sweden and K. A. Sanden, LO Norway (14.5.1997).
  - 154 Interview with P. Coldrick, ETUC (14.5.1997).
  - 155 Interview with director B. Tesch-Segol, EURO-FIET (23.5.1997). If such negotiations were to evolve, it would raise interesting questions about the possibility of implementation through a Council decision.
  - 156 Interview with J. Kreimer-de Fries, DGB (23.5.1997). See also "Vereinbahrung der europäischen Sozialpartner zur Teilzeitarbeit. Stellungnahme aus tarifpolitischer Sicht", J. Kreimer-de Fries, DGB Abt. Wirtschafts-und Tarifpolitik (23.5.1997) and "Ablehnung des Vereinbahrungsentwurfs Teilzeitarbeit", DGB (4.6.1997).
  - 157 Interviews with V. Lindefeld, NHO Norway (23.5.1997), K. A. Sanden LO Norway, B. Rønngren LO Sweden and P. Coldrick ETUC (14.5.1997) and J. Morin DG V (21.5.1997).
  - 158 In the presentation note to the affiliates, the ETUC thus stated that "the content of this framework agreement is fundamental for its assessment, but its political context is not neutral at the time of the finalisation of the IGC, the integration of the Protocol and the Social Agreement into the treaty and the essential consolidation of contractual relations at European level" (ETUC 22.5.1997). This argument was opposed by the German DGB, which saw it as a pretext for winning membership acceptance while all evidence indicated that the governments had already agreed to include the social agreement into the treaty.
  - 159 Action for Employment in Europe – A Confidence Pact (CSE (96)1).
  - 160 These included the unresolved issue of financing Trans-European Networks; increased spending on research; stimulation of SMEs; employment oriented environmental initiatives, including tax reform, and a strengthening of Community employment policy. In essence, the sketched ramifications of the Pact did not contain any new proposals, but represented an attempt to revamp initiatives which had hitherto failed to be adopted by means of a package deal, intended to put pressure on both governments and the social partners.
  - 161 The ETUC strategy to use the social dialogue to influence Community economic policy was a Sisyphean undertaking. The forwarded views of the social partners' largely conformed with the prevailing economic-policy paradigm, even though employers consented to the request for a certain demand-stimulus, reduced interest rates and "positive flexibility". This accentuated a basic ETUC dilemma: whether to pursue a strategy

- of joint action with employers – implying dilution of ETUC demands but potentially bolstering the role of social dialogue – or to revert to a more partisan approach (Dølvik 1997b: 31).
- 162 In a meeting with the EU Presidency, the Italian Prime Minister L. Dini and his Labour Minister T. Treu, the ETUC delegation asked the Italian Presidency – which in recent years had taken part in a social pact – “to examine the conditions for a concerted strategy for employment growth by convening a tripartite conference of the Ecofin and Social Affairs Councils, the European Commission and the social partners” (*Agence Europe* 18.1.1996).
- 163 Minutes Executive Committee ETUC 5-6.3.1996.
- 164 Round Table on Employment 28-29 April 1996, The president’s Conclusions.
- 165 “European Confidence Pact for Employment”, ETUC Executive Committee 6-7 June 1996. The ETUC subsequently invited UNICE to discuss at Secretariat level several points, including a re-direction of the Structural Funds into employment and development of ‘social partnership’; the feasibility of a framework agreement on flexibility and security of employees; possibilities of a European framework agreement on access to vocational training throughout working life; the prospects for transposing the directive on working time and extending it to cover excluded sectors; and the possibility of a joint social partner initiative on integration of young people into the labour market (*Agence Europe* 20.5.1996).
- 166 Summary LO Norway, Brussels Office (23.5.1993).
- 167 As Emilio Gabaglio emphasised in an interview 3.10.1996, the ETUC would never pull out of any process which could help to keep the issue of unemployment on the public agenda in Europe, hereby forcing employers and governments to remain faced with the issue. However symbolic it might be, the ETUC would try to keep the ball rolling, if for no other reason than to let employers carry the responsibility of pulling out things reached a breaking point.
- 168 Interview with E. Gabaglio, ETUC (3.10.1996).
- 169 See FGTB/CSC (6.5.1996), Employment, Growth and Competitiveness. The Need for Another Macro-Economic Policy.
- 170 Statement by E. Gabaglio, ETUC Conference 3-4 October 1996 on EWC and Europeanisation of Industrial Relations, cited in the *European*, 3-9 October.
- 171 The proposals concerning life-long learning can serve as a typical illustration of the document’s main thrust: The social partners recognised that the primary responsibility for life-long learning “rests with the Member States”, but they considered it “important for the EU to supply European value added”, among other things by “disseminating, encouraging and supporting fruitful and effective exchanges of information and experience”; “supporting experimentation at transnational level with innovative projects”; and “encouraging the Member States to take account of the Community dimension when defining their education and training projects” (*ibid.*: 12). For their part, the social partners expressed they were committed to jointly encouraging and supporting at all appropriate levels transnational experimental projects and the dissemination of good and innovative practices involving the social partners. “In addition, on these themes, UNICE, CEEP and ETUC currently study the feasibility of a reference framework allowing them to concert their views and develop their co-operation within the social dialogue” (*ibid.*: 12).
- 172 Sources: P. Coldrick, ETUC, Discussion note 20 December 1996, and conversation with K. A. Sanden, head of the Brussels Office of LO Norway (20.12.1996).
- 173 Discussion note, P. Coldrick, 20.12.1996. Here attention was also drawn to some other passages in the Summit Communiqué: first, a statement that budgetary consolidation should be achieved in ways which take account of employment goals: “Selective restructuring of public expenditure should have a major role to play in promoting growth and employment especially through investment in human resources and active labour market policies”; second, a statement that employment policy should also be a concern of the Economic Policy Committee, and not just of the newly created Employment and Labour Market Committee. This might either imply that employment policy will remain subordinated to the prevailing restrictive economic policy approach, or that the Community economic policy guidelines will have to take stronger account of employment. A call was also made in the Communiqué for the development of common employment indicators and for the assessment of possibilities of benchmarking, which, in view of the ETUC, meant a potential opening for the development of common employment targets at European level.
- An optimistic ETUC spokesman even suggested the Dublin Summit implied recognition of the need for an EU economic government as counterweight to the European Central Bank (LO/SACO/TCO 18/1996). Such an interpretation indirectly gained some support from the Swedish Prime Minister G. Persson, who warned that the agreement on the “Stability and Growth Pact” might imply a strengthening of forces in favour of fiscal federalisation within the EU (*ibid.*).
- 174 In addition to stating that “a high level of employment” should be one of the overall objectives of the Community, it suggested that “the promotion of co-ordination between employment policies of the Member States with a view to enhancing their effectiveness by developing a common strategy for employment” should become a Community responsibility (Conference of the Representatives of the Governments of the Member States, 1996: 41). Hence the “Member States shall regard the promotion of employment as a matter of common concern and shall co-ordinate their action in this respect within the Council” (*ibid.*: 42). However, stat-

ing that "these measures shall not include any harmonisation of the laws and regulations of the Member States" (ibid.: 43-44), main emphasis was laid on encouraging co-ordination between the member-state by means of guidelines, incentives, monitoring and recommendations adopted by the Council, possibly by means of qualified majority voting. In addition, it was proposed that an advisory "Employment and Labour Market Committee" under the Council be set up – similar to the Economic Policy Committee – which "in fulfilling of its mandate (...) shall consult the social partners" (ibid.: 44). (See also Swedish Ministry of Finance, 20.9.1996, Swedish Proposals for Treaty Amendments concerning Employment – An Explanatory Memorandum)

- 175 More optimistic observers of the EMU process, however, suggest that these measures should rather be regarded as transitional commitments, made to reassure the finance markets and prevent speculation against the single currency, while an underlying motive of key governments (France, Germany) is that a single currency will allow for a necessary softening of monetary policy in order to bolster growth and employment (David Calleo, speech at ARENA, Oslo. April 1997).
- 176 This may be an overly negative interpretation of the outcome of the recent Amsterdam Summit. The issue of employment was evidently given a more prominent role in Community policy (see "European Council Resolution on Stability, Growth and Employment, Presidency's Conclusions, SN 150/97 Appendix). Tiziano Treu (1997), Labour Minister of Italy, has thus drawn attention to the institutionalisation of employment policy expressed in the set-up of an Employment Committee, assigned to work in close co-operation with ECOFIN, which "shall consult the social partners". A series of high-ranking conferences on employment has accordingly been convoked. Moreover, according to T. Treu, the renewed emphasis laid on dialogue with the social partners in the field of employment policy implies that "employers' associations and trade unions at Community level have been given a constitutionally relevant role in shaping not simply social but also employment policy" (ibid.: 11). Combined with the treaty foundation of employment policy, this may provide an institutional basis for a more active, incremental role of the Commission and other forces wanting to expand EU's role in employment policy. However, insofar as the overall macro-economic regime has remained unchanged and the Community has been given no new financial or fiscal means to stimulate employment, it remains to be seen what these institutional reforms will be worth for the European unemployed. All the same, they confirmed the ethos of social partnership that marks attempts at developing Community employment policy (ibid.: 8). The subsequent Commission proposal of an EU approach to employment policies – to be debated at the EU Employment Summit 20-21 November 1997 – was by the ETUC seen as a "good start", even though it lacked measures with regard to the promotion of investment, mobilisation of private capital and employment-conducive tax-reform in the view of ETUC (*Agence Europe* 2.10.1997). Aimed at creating 12 million new jobs within five years and reducing youth unemployment with 50 percent, the proposed Commission approach set out to establish guidelines and procedures for co-ordination of member-states' employment policies and dialogue with the social partners, leading the ETUC "chief economist" Peter Coldrick to judge the proposal as "better than we dared to hope for". Noting that the proposal comprised a number of concrete, measureable claims on the member-states, Coldrick expected that "this in turn will force a greater co-ordination of economic policies", proposing also that the employment guidelines are to gain a similar status as the EMU convergence criteria (LO/SACO/TCO 14/1997). Whether the Employment Summit will justify the growing optimism within ETUC is uncertain, however. At the time of writing, reports indicated that several governments – especially the German and the British – were reluctant to support the Commission's call for more binding employment policy co-operation.
- 177 Criticism was also voiced as to the content of the agreement, notably the protection against redundancy during parental leave and the right to parental leave up till the child is eight, "problems that could have been resolved had UEAPME been able to take part in negotiations" (*Agence Europe* 15.12.1996). The issue has now been transferred to the ECJ. In the view of Falkner (1996: 11), it is, however, "hardly conceivable that the ECJ would open the 'Pandora's Box' and actually hinder the development of effective collective bargaining at European level through an increase in the number of participants against the will of the key actors".
- 178 (Com(96)26), Final Proposal for a Council Directive on the framework agreement on parental leave concluded by UNICE, CEEP and the ETUC.
- 179 Interview with J. Morin, DG V, European Commission (27.9.1996).
- 180 It was further reported that "on the employers' side UEAPME, EUROCOMMERCE, CEMR EP, HOTREC, and GEOPA, among others, and on the trade union side CEC, CESI and SEPLIS claim a place at the table of the Val Duchesse dialogue" (ibid.).
- 181 The position of UEAPME got a significant boost when the French president Jacques Chirac at a press conference after the Cannes Summit June 1995, expressed surprise that UEAPME was not fully involved in the social dialogue and requested that it be involved and consulted in the same way as the other peak social partner's organisations (EIRR 259/1995).
- 182 UNICE, letter to EUROCOMMERCE 27.7.1995.
- 183 Interview with Wilfried Beirnaert, general director of FEM, the Belgian employer federation (17.2.1995). In addition to tension among varying confederal traditions within UNICE and tension between UNICE and several industry associations, the confederal forces within UNICE have had difficulties in finding a work-able

- relationship with many of the large multinationals, possibly tending to pull out from confederal frameworks both at national and European level.
- 184 As noted by a central ETUC actor, UNICE is not the easiest counterparts, and broader representation on the employer side might improve the coverage of European agreements and open for certain trade-offs which might strengthen the role of the ETUC, not least in the field of employment policy where SMEs have a central role to play.
  - 185 For example, the CDU/CSU spokesman, Karl Lamers, urged CESI participation in the Confidence Pact process (*Agence Europe* 16.4.1996).
  - 186 According to ETUC and Commission sources, this resulted from a move by Delors during the French ratification struggle in autumn 1992 where he promised to promote CEC "recognition" to bolster support for Maastricht ratification in France. EIRR (245/1994) notes that Delors in June 1992 wrote a letter to CEC where he confirmed putting the Commission's relation with CEC on a formal footing.
  - 187 For example, in EURO-FIET several affiliates contend that several national CEC-affiliates are not considered proper trade unions, often being regarded as "yellow" company organisations (Interview with director of EURO-FIET, B. Tesch-Segol 4.10.1996).
  - 188 Presumably, the employers, who are most opposed to legislation, will have an interest in getting the Council involved at an early stage to sort out what the outcome of eventual legislation might be, while the ETUC will have an interest in keeping the Council out until the premises for regulation is settled in the triad game between the Commission and the social partners, insofar as this might provide the ETUC an upper hand. If true, such a game will probably encourage the employers to develop better capacity to play the Commission card. In case this does not succeed, continued employer accusations of a biased game are likely to be heard.
  - 189 This is certainly a point which the ETUC has to consider when deciding whether to enter new negotiations, but it also raises interesting questions concerning the autonomy of both the legislator and the social partners (note that the social partners have earlier agreed that they will abolish agreements that are amended by the Council). It would certainly erode the basis for negotiations if the Commission immediately forwarded a legislative proposal that supplemented a social partner agreement, but how long will the Commission have to wait before it can retable proposals which it considers not appropriately dealt with by the social partners? Conversely, if the Commission finds that it cannot reintroduce such proposals, that would imply a questionable restraining of the legislator's autonomy.
  - 190 ETUC Executive Committee 13-14 October 1994, Recent European Social Developments.
  - 191 See the so-called Davignon-report, "European Systems of Worker Involvement" (with regard to the European Company Statute and other pending proposals), worked out by a group of experts spring 1997. As discussed in section 10.4, the Renault case also triggered discussion over a possible tightening of the EWC-directive. At the time of writing, however, the European Company Statute has met obstacles in the Council, primarily owing to firm British opposition against legally enforceable rights of co-determination.
  - 192 The role of the new Labour government during the final IGC negotiations does not give ground for expectations of swift changes. A joint Italian and Belgian proposal (supported by Sweden) to extend the scope for qualified majority voting under the MSA was blocked by the British government, including the issue of workers representation and co-determination. The British government teamed up with the German government, only consenting to transfer of the item "social exclusion" from unanimity to qualified majority voting (LO/SACO/TCO 12/97). Similarly, the British government has, as mentioned, opposed the adoption of co-determination rules in the European Company Statute.
  - 193 Accordingly I collected material from and conducted a series of interviews with representatives of four main ETUC industry federations, that is, the EPSC (public sector), EURO-FIET (private services), EMF (metal workers) and the EFCGU (chemical and general workers) (later merged with miners and renamed EMCEF) and their national affiliates in UK, Germany, Belgium and Norway. Interviews were also undertaken with other industry committees such as the European Graphical Federation (EGF) and the European Committee of the Postal Telegraph and Telephone International (PTTI). Only brief references will be made to this material here.
  - 194 The EICs (European industry committees) were at the 1995 Congress relabelled "European industry federations" (EIFs).
  - 195 See, for example, Carley (1993); Keller and Henneberger (1994); Buda (1995); Traxler and Schmitter (1995); and Pochet (1996).
  - 196 However, J. Curell of DG V suggested in an interview (26.1.1996) that, in principle, there were no legal obstacles to implementation of a sectoral agreement via a Council decision.
  - 197 Interviews with EMF general secretary, Bert Thierron, February 1990; assistant general secretary, Manfred Bobke, (20.1.1993, 15.2.1995), and general secretary Hans Flugler (24.1.1996, 3.10.1996). According to the report "History of the EMF, the key concerns: Continuity and change": "The social dialogue is marked by its silence. The EMF's many years of efforts to establish a dialogue have not met with any encouragement on the employers' side" (EMF 1994: 28).
  - 198 Interviews with general secretary, Franco Bisegna, EFCGU (25.1.93, 17.2.95), see also Grant (1993).
  - 199 Interview with EMF general secretary Bert Thierron (February 1990); speech at Freudenberg conference on "Perspektiven europäischen Arbeitsbeziehungen: Sind europäische Kollektiv-verhandlungen möglich?",

- Gustav Heinemann Akademie 26-28.5.1993 (later published in Gerstenberger-Sztana and Thierron 1994).
- 200 Interview with Helmuth Schauer, IG Metall (25.2.1993).
- 201 This view was repeatedly expressed by, e.g., the IG Metall representative Klaus Lang at the ETUC Luxembourg Conference, 1-2 June 1992, and at several meetings of the ETUC Collective Bargaining Committee during the ETUC strategy debate over European collective bargaining in 1992-93.
- 202 See EMF (1993a), "Collective bargaining policy in a changing Europe. Statement of principle on collective bargaining policy by the EMF" and EMF (1993b), "Conclusions of the EMG Collective Bargaining Conference and proposals for future action". During 1993 I also interviewed representatives and collected material from the metal sector unions in Germany (Helmuth Schauer, IG Metall 25.1.1993), the UK (Bill Jordan, AEEU 11.3.1993), Belgium (Marc De Wilde, CSC Metal 22.3.1993 and Johan Vanbuylen C.M.B/ABVV 27.4.1993), and Norway (Kjell Bjørndalen, Fellesforbundet, 11.3.1993).
- 203 Interview with president Tony Janssen and Marc De Wilde, CSC Metal Belgium (22.4.1993).
- 204 Interviews with assistant general secretary of EMF, Manfred Bobke (16.2.1995), Paulo Martinelli (27.1.1994) and Barbara Gerstenberger-Sztana, EMF (24.1.1996).
- 205 As known, large-scale industrial conflict evolved in 1993 associated with employer attempts at breaking out of previous agreements on wage equalisation between old and new Bundesländer. While that situation gradually became stabilised in the subsequent years, new large-scale conflicts broke out in 1996 when employers launched fierce attacks on the German system of industrial relations in the aftermath of Kohl's "*Spar-Paket*" to meet the Maastricht criteria.
- 206 president of the IG Metall, Klaus Zwickel, speech at the EMF Conference on European Collective Bargaining, Luxembourg, 11 March 1993.
- 207 Interview with M. Bobke, EMF (15.2.1995) and P. Martinelli, EMF (27.1.1994).
- 208 General secretary of EMF, Bert Thierron, speech at the conference "Perspektiven europäischen Arbeitsbeziehungen: Sind europäische Kollektiv-verhandlungen möglich?", Gustav Heinemann Akademie 26-28.5.1993 (later published in Gerstenberger-Sztana and Thierron 1994). A typical view was expressed at the EMF Conference on European Collective Bargaining 11-12.3.1993 by the leader of the Norwegian Metalworkers' Union (Fellesforbundet), Kjell Bjørndalen: "To catch all the specificities in one universal system of rules or collective agreement seems impossible, even at the national level. Therefore, I do not believe European collective agreements, as sometimes talked about, will be possible in the foreseeable future".
- 209 Interview with Tony Janssen, president of the Christian Metalworkers Union of Belgium (ACV/CSC) at the ETUC Congress (11.5.1995) and afterwards (19.5.1995). According to Manfred Bobke, EMF (15.2.95); however, this work was making progress, although a problem was that national affiliates did not manage to observe the guidelines drawn up by the EMF in national pay rounds.
- 210 Conversation with Hallstein Sjøvoll, Fellesforbundet, Norway (31.10.1996)
- 211 Information provided by Joachim Kreimer-de Fries (23.5.1997). These efforts have been organised on a regional basis, implying that IG Metall unions in the North-West regions of Germany arranged meetings with Belgian and Dutch unions before the bargaining round, and similar meetings were held with French and Danish unions in other regions. This kind of information and co-ordination may be seen as a first step towards organising a kind of cross-national "pattern bargaining" on a regional, sectoral basis.
- 212 Interviews with general secretary of EMF, Hans Flugel (3.10.1996 and 24.1.1996).
- 213 Just as I was about to finish this work, it seemed that WEM was prepared to reconsider its reluctant stance and enter talks and establish relations with EMF (informal meetings were held in the autumn 1997). It remains to be seen what this will lead to, but if a kind of social dialogue becomes established between the powerful protagonists of the European metal sectors, it would indeed represent a significant step forward for the development of sectoral dialogue at Community level. According to my sources, the more open approach of WEM reflects a change of view inside the German Gesamtmetall. Combined with the more active role of the German metal unions in organising cross-border exchange, this might indicate that the mounting problems in the German industry in recent years have prompted the German social partners to take a more active interest in influencing European developments of importance to their domestic situation.
- 214 Speech by Peter Reid, the British Engineering Employers Federation (EEF) at the ETUC/ETUI conference on EWC and Europeanisation of Industrial Relations, Brussels 3-5 October 1996.
- 215 EFCGU "Activity Report of the Secretariat", Brussels 1993.
- 216 Interviews with general secretary of EFCGU, F. Bisegna (24.1.1993, 17.2.1995) and international secretary, Reinhardt Reibsch of the German IG-Chemie, Papier und Druckerbeiter, at the ETUC Congress (13.5.1995). According to the latter, a few low-key colloquia were held with CEFIC during 1994, while the German employers association in the sector, frustrated by the restrictive stance of CEFIC, had agreed to enter an informal working group with IG-Chemie to discuss European labour relations issues.
- 217 This section is based on interviews with the EURO-FIET director, Bernadette Tesch-Segol (26.1.1993, 1.4.1993, 24.1.94, 15.2.1995, 26.1.1996, 4.10.1996).
- 218 Pochet (1996), Dialogues sectoriels, *Notabene* 94/96.
- 219 Interview with director of EURO-FIET, B. Tesch-Segol (24.1.1994).
- 220 Interview with general secretary of the EPSC, Carola Fischbach-Pyttel (14.4.1993) and advisor Jan Wilhelm

- Goudrian, EPSC (15.2.1995 and 23.1.1996).
- 221 EPSC 1993, "Progress on social dialogue in the EPSC area – overview".
- 222 CEMR "Employment Platform" (30.6.1994).
- 223 Interviews with advisor Jan W. Goudrian, EPSC (15.2.1995) and Horst Freese, ÖTV Germany (23.2.1993).
- 224 Interview with general secretary of EFBWW, Jan Cremers, and Jari Hallsten (21.1.1993).
- 225 Interview with Jari Hallsten, EFBWW (21.1.1993).
- 226 Interview with H. Weipert, IG Bau (11.5.1995) at the 1995 ETUC Congress.
- 227 ETUC, "Results of sectorial bargaining at European level" (16.2.1996).
- 228 Minutes ETUC Executive Committee, 6-7 June 1996.
- 229 ETUC Secretariat, "Explanatory Note on the Role of Sectoral Social Dialogue", 9 July 1996.
- 230 According to DG V sources, Commissioner Flynn was under heavy pressure in the Commission, due to the extensive funding and weak outcome of sectoral dialogue – "we cant go on having 130 meetings per year, mainly quarelling about the agenda. Either we reorganise and bolster sectoral dialogue or we will have to finalise it".
- 231 Interview with general secretary, Hans Flugler, EMF (3.10.1996). Other EIFs, however, saw the proposal as relatively undramatic, acknowledging there was a need to overhaul structures and concentrate on areas where there actually was some life in sectoral dialogue. Interview with B. Tesch-Segol EURO-FIET (4.10.96).
- 232 Interview with Dirk Buda, DG V (26.1.1996).
- 233 Interview with Emilio Gabaglio, ETUC (3.10.1996).
- 234 Interview with Jackie Morin, DG V (27.9.1996).
- 235 Very recently it has been reported that the parties in the textile sector have embarked on a process expected to lead to signing of a co-operation agreement ("code of conduct") in autumn 1997. Illustrative also is that on 24 July 1997, the employers (GEOPA/COPA) and the industry federation of agricultural workers (EFA) signed a framework agreement, in which the parties recommend their member organisations at national level to negotiate on improvements of working conditions; a maximum annual working time (1827 hours); the right to a guaranteed yearly income; maximum weekly working time (39 hours); provisions on overtime, night work, holidays etc; and a commitment to fight "moonlighting" work (*EU and Arbetsrätt* nr. 3 1997). Accordingly, the Nordic members of EFA, who were very satisfied with the agreement – not least in view of the fact that only a tiny share of domestic land workers are covered by collective agreements and that employers hereby finally have agreed to sign agreements – have demanded a clarification of the bargaining order in EFA (*ibid.*).
- 236 Resolution of the 1995 ETUC Congress, "Jobs and Solidarity", p.29.
- 237 Although the section is based mainly on existing literature, the issue of European Works Councils and company level developments have been central topics in my interviews with trade union representatives of the ETUC, the EIFs and the national trade unions. Since the early 1990s, I have also been involved in several projects on "Konsern-faglig samarbeid" organised by Norwegian unions and Fafo (see Dølvik et al. 1990: 146-151; Olsen 1989, 1991; Dølvik et al. 1991b: 146-48; Dølvik 1995a; and Berg et al. 1997). This work has provided me with some insight into the difficulties and potential conflicts associated with transplantation of decentralised transnational structures of unionism into the centralised systems of industrial relations in the Nordic countries.
- 238 Such systems include regular meetings of production and personnel managers, rotation of managerial personnel, compilation of manuals of best practice, and the assignment of a corporate management task force mandated to identify and diffuse examples of best practice across sites (Coller 1996, in Marginson and Sisson 1996: 6).
- 239 In an interview the Belgian employer representative, W. Beirnaert FEB (17.2.1995) strongly emphasised this point, expressing concern that large TNCs could exit from national bargaining and employer confederations. Beirnaert was also concerned that the TNCs wanted a stronger role in UNICE, possibly to the detriment of national confederations, or, alternatively, might decide to retreat from collective employer associations at the European level and form their own networks, e.g. within the frameworks of the European Roundtable of Industrialists. In the Netherlands, large companies have long stood outside multi-employer agreements (Visser 1992); in Sweden the TNCs played an important role in abolishing cross-sectoral bargaining and promoting decentralisation (Kjellberg 1992); increased emphasis on company bargaining has been reported also in France, Italy and Spain (Marginson and Sisson 1996b: 27); and in Germany demands for "opt-out" clauses and company bargaining have been growing in recent years (Bispinck 1996: 97).
- 240 This figure will be notably increased if the new British government joins the directive as promised.
- 241 Sisson et al. (1992) reported that 332 companies employing 6.1 million were based in the UK, 257 employing 3.4 million in Germany, and 117 employing 1.9 million in France, while there were just 32 companies employing a total of 0.67 million in Italy. Only two of the companies were located in Greece and Portugal, while the share in the Netherlands (89 employing 1.1 million) and in Sweden was considerable.
- 242 See, for example, Schulten (1995, 1996a); Hall et al. (1995); Buschak/ETUC (1995); Berg et al. (1997), Martin and Ross (1998a, b).
- 243 Council directive 94/45/EC of 22 September 1994.

- 244 This estimate is based on figures of British TNCs fulfilling the criteria of the directive provided by Marginson and Sisson (1994: 18) – in 1992 reported to be around 330 which probably has increased since – and the 106 British TNCs covered by the directive due to overseas operations (ETUI 1995). Assuming that on average 30 employee representatives are included in the roughly 225 British TNCs that are as yet not covered, the additional number of UK representatives would amount to more than 6,500.
- 245 A possible factor which might cause a difference between the voluntary agreements and any agreements that might be negotiated, is that the former could be negotiated without the representation of the workforces of the foreign subsidiaries (Streeck 1997). As national employee representatives can have an interest in restricting the rights of foreign co-workers, the forthcoming arrangements could in principle be expected to become more favourable. In practice, however, it seems that employee representatives of foreign subsidiaries and the European industry federations have taken part in designing most of the existing agreements. Moreover, employee representatives will always have an upper hand in influencing the national headquarter, compared to representatives of foreign subsidiaries, suggesting the difference will not be significant. In addition the existing agreements have usually been developed in (advanced) companies that already have a clear European business and management strategy (Schulten 1996a: 313), and that may be presumed to be more positive to European-wide arrangements than the companies that have waited until they are forced by the directive. Martin and Ross (1998b) similarly suggest that the "late-comers" can be expected to be less union-friendly than the earlier agreements.
- 246 Considering also that most national laws, regulating the transposition of the directive into national jurisdictions, provide for election of employee representatives to the "negotiating body" and the EWC in accordance with existing national practices, this pattern can be expected to continue (ETUI 1996b, "Transposition of the EWC directive", Working Paper No.25).
- 247 As emphasised in interviews with EIF representatives, this has in fact been their most important field of operation in recent years (Interviews with M. Bobke, EMF (15.2.1995), F. Bisegna ECFGU/EMCEF (17.2.1995), H. Wiedenhofer IUF-ECF (3.10.1996), B. Tesch-Segol, EURO-FIET (15.2.1995)).
- 248 Jacobi (1995: 277) has even characterised the directive as "ein intelligentes EU-Gesetz, weil nach einem langen Such- und Lernprozess gelungen ist, die Einführung einer institutionellen Neuerung mit dem doppelten Subsidiaritätspostulat zu versöhnen, dass die Berücksichtigung einzelstaatlicher Sozialkulturen und die Beteiligung der Sozialparteien verlangt".
- 249 In the view of Streeck (1997), the term 'consultation' is misleading, since the obligatory exchange of views, contrary to consultation rights in many national systems, has no clearly defined formal status or impact (for example in terms of delaying decisions) on the decision-making process of the corporations. In the recent Renault case, however, the directive enabled the national governments to take the company to court for breach of the duty to consult the workforces before taking the decision on company close-down and relocation, also encouraging the trade unions to launch strikes and public mass campaigns, eventually leading to consultations with the company headquarter. So, even if the directive provides no right to halt a management decision, it may be helpful in building up public and political pressure, co-ordinating trade union action and pressing for proper consultation with management.
- 250 It is indeed true that such negotiated achievement of representation rights in national corporate groups has been preconditioned by previous institutionalisation of industrial citizenship rights – which are absent at the European level – but we should not overlook the principal point that workers' representation rights have been earned through a long-term process of (voluntary) trade union struggle and negotiations from below. Streeck is, however, perfectly right that the conditions for setting in motion a similar logic at the European level are far less favourable, not least because of the lack of a proper European state and a European system of collective bargaining through which company achievements can be generalised and statutory rights secured.
- 251 Conversation with Steve Hart (TGWU) of Ford Dagenham at Friedrich Ebertstiftung conference on European collective bargaining in Freudenberg (27.5.1993).
- 252 Interview with Johan Vanbuylen CMB/ABVV (27.4.1993).
- 253 On the other hand, when VW downsized its SEAT operations in Spain during 1993-94, IG Metall sources have suggested that German works council representatives had tacitly reached an understanding with the central management to save German jobs, implying that information about the SEAT cuts to Spanish unions was held back by the German employee representatives (Interview with IG Metall representative 13.5.1995). Several similar examples from other companies have mentioned to me by Belgian unionists, pointing up the often conflicting interests and asymmetric power of workforces in the home country and in the foreign subsidiaries.
- 254 In October 1997, only 2-300 workers were left. With two-years contracts, they were tidying up the place and waiting for some part production.
- 255 The ETUI has also, on request of the ETUC, set up a network of experts to provide advice, help and analysis for unionists involved in EWCs (Danis 1996: 92).
- 256 Central Works Council of Volkswagen AG, "Codetermination at Volkswagen", Wolfsburg, April 1993: 5, cited in Stützel (1996).

- 257 Peter Reid, representative of the British Engineering Employers Federation (EEF) at the ETUC/ETUI Conference on "European Works Councils and the Europeanisation of Industrial Relations", Brussels 2-4 October 1996.
- 258 Interview with Bo Rønngren, LO Sweden (6.1.1995).
- 259 "Note on Collective Bargaining in Europe", Nordens Faglige Samorganisasjon, NFS (10.10.1994).
- 260 ETUC Steering Committee, 20.4.1995, "Amendment of the Constitution. Proposals".
- 261 In Article 16, it is stated that "the Executive Committee shall endeavour to reach the widest possible measure of agreement. If a vote is necessary, decisions shall be taken by a majority of two-thirds of the votes". Furthermore, article 16 contains rules concerning representativity, voting rights etc. "Any proposal which fails to obtain at least 2/3 of the votes (...), but obtains at least half of the votes (...), shall remain on the agenda and be referred back to the Secretariat for renewed examination".
- 262 Interview with Peter Seideneck, ETUC (16.2.95) and Peter Coldrick, ETUC, (17.2.1995).
- 263 In interview with the deputy general secretary of ETUC, Jean Lapeyre (17.2.1995), it was confirmed that such an understanding was also the basis for the Secretariat view.
- 264 Interview with Bo Rønngren, LO Sweden (6.1.1995), see also NFS (23.8.1996), "Arbetsmarknadsdialogen i EU".
- 265 LO Norway (6.3.1995), "Høringsuttalelse til DEFS VIII Kongress 9-12 Mai 1995".
- 266 Interview with international secretary of FGTB, Jos Janssen (17.2.1995).
- 267 Interview with B. Tesch-Segol, EURO-FIET (5.2.1995).
- 268 Interview with Jos Janssen, FGTB (17.2.1995).
- 269 Interview with Erna Ansnes, International Department of LO Norway (21.4.1995). Formally, however, the statutes provided for qualified majority voting, despite the emphasis put on reaching consensus (article 16).
- 270 Interview with international secretary of FNV, Willy Wagenmann (10.5.1995).
- 271 Among those who took the floor, W. Wagenmann (FNV) questioned the implications of restricting voting rights to those "directly concerned" since a decision could have broader effects e.g. for affiliates from CEE countries (interview 25.6.1995). The Norwegian LO representative, Jon Ivar Nælsund, criticised the view that European agreements could only be implemented voluntarily in EFTA-countries, and won support for the view that also the legislative path via the EEA Committee should be accepted. This would require amendments to the EEA agreement, which was based on the pre-Maastricht EC treaty (interview 27.6.1995). According to Nælsund, different views had still prevailed also as to whether EFTA-organisations were considered "directly concerned" – and hence included in negotiations and the decision-making procedures – but this issue was clarified at the meeting. At that time the Norwegian LO feared that Norway's No-vote to EU-membership in the November 1994 referendum would lead to marginalisation within the ETUC; this helps to explain the importance of ensuring that European agreements would cover the whole single market (EEA).
- 272 According to the proposed guidelines, the Executive should decide on mandate and negotiating delegation from case to case; 2/3 majority voting should be applied among those directly concerned, defined to be EU and EEA confederations, the EIFs and the Women Committee of ETUC; proposals should be forwarded at least four weeks in advance of a decision, to allow proper national consultation and mandating; the negotiating delegation should be headed by the Secretariat and report to the Committee for Collective Bargaining (later renamed the Industrial Relations Committee), responsible for monitoring the negotiations ("Rules for application of paragraph 11 (bis) of the Statutes. Proposal for decision", ETUC Executive Committee 29-30 June 1995).
- 273 Minutes, ETUC Industrial Relations Committee 12-13 February 1996, LO Norway Brussels Office.
- 274 Interview with B. Tesch-Segol, EURO-FIET (26.1.1996).
- 275 Interview with B. Rønngren, LO Sweden (12.2.1996). Moreover, in a report of the NFS it was raised doubts about the mandate of EURO-FIET: "If the industry federation was delegated a mandate from its affiliated industry unions it would imply that these had handed over two different mandates – one to the ETUC (via their national confederations) and one to the industry federation" (NFS 1996: 16).
- 276 "Discussion note on co-ordination and complementarity of the European Social Dialogue and the European Sectoral Social Dialogue including the collective bargaining dimension", ETUC (25.1.1996.)
- 277 Interview with B. Tesch-Segol, EURO-FIET (26.1.1996).
- 278 This interpretation, however, was strongly rejected by the EURO-FIET director, who argued that the Geneva headoffice of FIET never had intervened in EURO-FIETs European activities, and that if EURO-FIET had been formally independent, the problem would still have been there. In her view, an underlying reason for the tension was the broad scepticism in most confederations against white-collar unions in the predominantly female service sectors, alluding to the fear that EURO-FIET could establish an independent white-collar confederation. In addition, personal rivalry and prestige had evidently poisoned the conflict. (Interview with B. Tesch-Segol, 4.10.96).
- 279 Interview with J. Lapeyre, ETUC (3.10.1996).
- 280 Interview with M. Bobke, EMF (15.2.95).
- 281 The letter was written in a rough tone, stating that ETUC proposal "confronts the federations with an ultimatum"; "an effective veto-right of the ETUC"; and warning that "the ETUC could in a worst-case scenario find



- itself in a situation where these rather rigid rules could not be maintained in practice". The letter, ending by stating that "with more time a solution may be found, and if there are confederations which for some reason insist on a showdown, I am afraid they will in that case have one" (Letter from Hans Flugler, general secretary of EMF to Emilio Gabaglio, ETUC 4.6.1996). The letter indeed raised the temperature and Flugler himself admitted the tone was too sharp and inappropriate.
- 282 Interview with P. Seideneck, ETUC (2.10.1996) and B. Tesch-Segol, EURO-FIET (4.10.96).
- 283 ETUC (7 July 1996), document for the Executive Committee 10-11 October 1996, "Rules of Procedure for implementing Article 13 of the Constitution".
- 284 Letter on behalf of the EIFs, signed by Jan Cremers, general secretary of EFBWW, to the ETUC Management Committee, Executive Committee and general secretary (9.9.1996).
- 285 Interview with B. Tesch-Segol, EURO-FIET (4.10.96).
- 286 The proposal concerning an ETUC bargaining order was accompanied by a renewed "Explanatory Note on the role of sectoral social dialogue, including the collective bargaining dimension" which had caused further EIF protests.
- 287 ETUC (14.10.1996), "Internal Rules for Implementing Article 13 of the Constitution adopted by the Executive Committee of 10 October 1996".
- 288 Interview with E. Gabaglio, ETUC (3.10.1996).
- 289 Interview with E. Gabaglio, ETUC (22.9.1995).
- 290 The new affiliates were AKAVA (Finland), AC (Denmark), CSdL and CDSL (San Marino), VSA (Switzerland), MHP (Netherlands) STTK (Finland), and the ex-Communist association CGTP-IN (Portugal), while the Finnish TVK was lost, due to its dissolution (ETUC Activity report 1991/94, ETUC 1995a). In addition several white-collar associations from Norway and Sweden were knocking on the door, as was the French CGT.
- 291 In this thesis I have paid minor attention to the work of the ITUCs, which have usually not been considered of significant importance to ETUC integration. Still, their activity should be noted as an indicator of the growing networks and layers of trade union interchange across the borders in Europe. A useful overview of the function of the ITUCs is provided in Dürmeyer (1995), who emphasises their role in promoting trade union demands vis-a-vis national governments and Community institutions in structural and regional policies; labour market mobility in cross-border regions; and social security issues in that regard.
- 292 Interview with P. Seideneck, ETUC (16.2.95)
- 293 These procedures laid down more stringent rules for who was allowed to represent member associations, speaking rights, notice of absence, the presence of observers, advisors etc. (ETUC 1994, "Rules of procedure for Executive Committee meetings", approved by the Executive Committee of 13/14 October 1994). Nor had the upgraded and restructured standing committees of the ETUC acquired the role foreseen by the 1991 Congress. According to the Stekelenburg report they were meant to serve as fora for real interest intermediation where representatives would meet with a clear mandate and ETUC positions would be hammered out. In practice, however, the committees continued mainly to function as preparatory bodies, while the substantial interest intermediation and decision-making rested with the Executive Committee, which, in view of its size and wide range of responsibilities, were persistently overloaded.
- 294 The growth of ETUC-related institutions has been furthered by the founding of FERPA, which is assigned to promote the interests of retired and elderly people vis-a-vis the Community. The set up of FERPA (the European Federation of Retired and Elderly People) reflected the substantial proportion of retired workers among ETUC affiliates. Today, FERPA, which is led by the former FGTEB-leader and general secretary of the ETUC, Georges Debunne, claims to represent thirty organisations with some six million members, and has played a quite active role in promoting the interests of elder people vis-a-vis the Commission and the Council (ETUC 1995a: 14). At the other end of the age-scale there is the ETUC Youth Group, which staged two major campaigns – a so-called Youth Train in 1992, rallying for a social Europe, and a campaign against racism and xenophobia in 1994 – besides holding 17 training seminars with young unionists including some from Central and Eastern Europe (ETUC 1995a).
- 295 This operation implied a clearer division of work and a partial integration between AFFETT and ETUCO under the leadership of Jeff Bridgford. The leadership of ETUI was changed (Günther Köpke retired and was replaced by Reiner Hoffmann of the Hans Böckler-Stiftung) and an internal reorganisation was pursued with the aim of improving ETUI's academic profile. This has led to a visible vitalisation and quality improvement of the institute's work. Organised around the periodical *Transfer*, extensive networks and exchange has been developed with academic circles involved in industrial relations research in Europe. One factor that triggered these organisational changes was that their heavy reliance on Commission funding had become increasingly questioned, also owing to the poor quality of the work of ETUI and AFFETT.
- 296 Interview with P. Seideneck, ETUC (16.2.1995). In some respects the new Commission was also considered to have stronger Social-Democratic leanings, according to Seideneck.
- 297 Interview with Paul Gruselin, FGBT International Department (26.1.1994).
- 298 European Demonstration by the FGTEB 10 December 1993.
- 299 Interview with Jos Janssen, International Department of the FGTEB (17.2.1995).
- 300 Interview with W. Wagenmann at the ETUC 1995 Congress, see also statement by J. Stekelenburg (*Congress*

- Special Report*, No.2 1995).
- 301 This section is based on personal observation and interviews with a wide range of participants during the Congress.
- 302 This material provides interesting insights into the divergent views of ETUC affiliates on European integration and trade union policies, but I will have to refrain from going into detail (the comments amounted to several hundred pages and 314 proposals for amendments). The extensive written amendments from the affiliates, reflected, according to participants in the Preparatory Committee, the efforts of the Secretariat to orchestrate and streamline the process in order to avoid endless, detailed discussions. The Preparatory Committee was assigned to concentrate on overarching issues, while leaving the drafting to the Secretariat; this, in effect, acted to restrain discussion, according to my sources.
- 303 This actually reflected a historical division of views inside the ETUC. Since the mid-1970s the ETUC had been committed to the 35 hour week, whereas the Nordic unions had been opposed. It should be noted, however, that the Finnish representatives did not follow the Nordic line on wage compensation at the Congress. Moreover, the share of part-time work in the Nordic countries was in fact the highest in Europe, except for the Netherlands, and in the subsequent years notable moves towards adopting a more flexible approach to working-time reductions evolved also within the Nordic unions.
- 304 However, concerning this issue it should be noted that the Finnish representatives supported it, while the Swedish representatives did not oppose it, due to tactical reasoning. They feared that this mild expression of the federalist thrust among ETUC affiliates, compared to the 1991 resolution, could be replaced by something "worse", if it were rejected.
- 305 This view was emphasised by several speakers in the plenary debates and was confirmed in interviews, conducted during the Congress, with representatives of European industry committees and national unions (e.g. M. Bobke EMF, F. Bisegna EFCGU, H. Weipert EFBWW, J. Cremers EFBWW, T. Janssen CSC Metal, R. Reibsch IG Chemie, T. Klebe IG Metall, W. Wagenmann FNV, G. Cassina CISL). Despite its limitations, the EWC directive was clearly seen as an important breakthrough in the development of European industrial relations.
- 306 See for example the views forwarded by the general secretary of CGIL, S. Cofferati (*Congress Special Report* No.1), the general secretary of CISL, S.d'Antoni, president of FNV, J. Stekelenburg (*Congress Special Report* No.2) and president of the FGTB, F. Janssons (*Congress Special Report* No.3).
- 307 This reflected the great number of national affiliates from the Nordic countries and the principles of representation in the ETUC, which ensured smaller members a proportionally greater share of representatives and votes than the larger affiliates.
- 308 This came as a great surprise, not least because the Germans, according to my sources, had initially supported the British position. In principle, still, the DGB maintained that regionalism should be avoided, but DGB justified its choice by referring to personal qualities of the candidates.
- 309 Interview with G. Cassina CISL, 12.5.1995. Also the British representatives were embarrassed by the Nordic power-play in the elections. As humorously hinted by one TUC representative over a pint of beer afterwards, if the Brits had started demanding specific voting rights for their Welsh, Scottish and North-Irish members, the ETUC would indeed run into fragmentation.
- 310 Interviews with E. Gabaglio (22.9.1995) and P. Seideneck (23.9.1995).
- 311 Interviews with P. Bolt, SAK (Finland) and S. Bøgh LO (Denmark) during the Congress.
- 312 Minutes of the ETUC Executive Committee meeting 14-15 December 1995.
- 313 See Amsterdam European Council 16 and 17 June 1997, Presidency Conclusions (SN 150/97)
- 314 According to P. Seideneck (16.2.95, 21.9.95, 2.10.96), the only remaining obstacle is that some CGT unions are still members of the WFTU and need congress decisions to withdraw. In the German unions, which have previously been critical of CGT affiliation, the leadership of IG Chemie has taken up CGT contacts, while the view of IG Metall is less clear.
- 315 Minutes ETUC Executive Committee meeting 29 June 1995.
- 316 Interview with P. Seideneck, ETUC (2.10.1996).
- 317 European Commission, "Interim Report to the European Council on the effects on the policies of the European Union of enlargement to the associated member countries of Central and Eastern Europe", 6 December 1995.
- 318 According to sources in the NFS, however, this is not uncontested, since many CEE unions still own considerable amounts of property.
- 319 "Document on Standing Committees", ETUC Executive Committee 14-15 December 1995. In practice this issue is also related to the dependence on the Commission, since the financing and the infrastructure of the meetings of the ETUC Standing Committees are facilitated by the Commission.
- 320 The issue was indirectly touched on in the Executive Committee Meeting 14-15 December in which the CEE unions were affiliated. Responding to a question from the DGB leader, Dieter Schulte, on how to ensure a proper balancing between specific sections of the membership, Emilio Gabaglio suggested that a revision of the statutes might be required at the next ETUC Congress, however, reminding the delegates that article 13 of the revised statutes contained the words "member organisations directly concerned". There was, according to Gabaglio, a tacit agreement and a tacit practice at the ETUC that organisations not directly concerned by the

- decisions should not participate in the voting, a practice which had not caused any problems so far. This presumably implied an interpretation that CEE unions until they were full EU members, could not be expected to participate in voting on EU-related questions. (Source: Minutes ETUC Executive Committee Meeting 14-15 December 1995).
- 321 Interview with P. Seideneck, ETUC (23.9.1995 and 2.10.1996).
- 322 Interview with P. Seideneck (2.10.1996) and M. Rud Pedersen, ETUC (6.5.1997).
- 323 The outsourcing of translation services in itself meant a 75 % saving – from 16 million to 4 million Belgian Franc (Morten R. Pedersen, ETUC, 6.5.1997).
- 324 "Document on Standing Committees", ETUC Executive Committee 14-15 December 1995.
- 325 Minutes ETUC Executive Meeting 14-15 March 1996.
- 326 Interview with general secretary of the EMF, Hans Flugger (24.1.1996). Evidently an important material reason for the tension between the EIFs and the ETUC, for example in the field of social dialogue, lay in this underlying competition over resources. In the view of EMF, the ETUC had been far too busy in building up centralised institutional structures at the European level and had spent too much resources on political conferences and events of questionable value to the EMF.
- 327 Interview with P. Seideneck, ETUC (2.10.1996).
- 328 According to Seideneck, "those in the DGB with weight don't have language, and in the Scandinavian countries, Brussels wages are not competitive." (Interview 2.10.1996)
- 329 Interview with K. A. Sanden, Brussels office of LO Norway (22.9.1995).
- 330 The EMF subsequently elected a respected IG Metall figure, Reinhard Kuhlmann, to fill this post. It has also been reported that IG Metall during the 1996 pay round invited representatives of neighbouring metal unions to be present during their negotiations, expressing the intention to promote closer co-ordination of national bargaining.
- 331 An alternative interpretation, however, could be that such a crisis for national trade unionism in Europe would represent a necessary trigger for the evolution of transnational unionism. In such an evolutionary perspective of creative destruction, it is only when key national unions fully experience being pressed against the wall and that the decisive political counterparts have become European, that tangible moves can be expected towards the build-up of transnational union action. Representatives of the ETUC Secretariat sometimes give the impression that a similar kind of reasoning implicitly underlies the persistent ETUC support for a single currency. While the process of ETUC integration has hitherto somehow been trapped in a structural vacuum, caused by the declining capacity of national trade unionism and the lack of political incentives to Europeanisation, the EMU is hoped to become the key for unlocking the stalemate and releasing unions from their national fetters. This reminds of the traditional Marxist concept that it is only when capitalism has matured and the productive forces have broken down existing (national) relations of production and societal formations, that the situation is ripe for a reconstitution of the working class on an international basis. Thus, implementation of EMU, despite the strains and burdens it implies, emerges as a necessary structural condition for transforming the trade union movement from a nationally divided to an internationally unified force. As stated by one Secretariat actor, "the trade unions need EMU as a device for creating a new 'Ordnungspolitik' and a new European model". Historical parallels can indeed be drawn to back up such an optimistic expectation: As national trade unionism evolved during the upheavals of industrialisation, and the post-war era of societal corporatism evolved on the ruins of the crisis in the 1930s and WW II, it cannot be ruled out that a new dynamic towards European trade unionism might evolve when/if the painful transition to EMU has freed the unions from their national "chains". As indicated in chapter 4, however, the EMU might be a necessary but not a sufficient condition for a restructuring of trade unionism on a genuine European basis. Unless the transfer of economic power to the European level can be accompanied by a transfer of political power to govern the European economy, a realistic alternative scenario might well be that the transition to EMU will propel further fragmentation and disintegration of trade unionism. This even more so since employers, rather than centralising their power in European associations, seem to opt for decentralised solutions, unless they are compelled to constitute themselves at the European level by political coercion and unified union pressure. In consequence, the expected introduction of EMU around the turn of the millennium will undoubtedly become a new watershed of European trade unionism, but it remains to be seen whether this will be for better or for worse.
- 332 Since competition mainly takes place between either high-cost countries or low-cost countries, Fritz W. Scharpf has suggested the development of a two-tiered regulatory system, based on more stringent regulations for the high-standard countries and more permissive regulations for the economically less developed countries (1996b: 147).
- 333 Greenwood here refers to Grant (1995), who "notes something of a revival in UNICE's fortunes". Besides the establishment of direct links with the multinational companies, the changes in UNICE mainly have four reasons, according to these authors: (1) The reform-mindedness of the general secretary Tyszkiewicz; (2) the "shot in the arm" provided by UNICE's status as a first-level social partner (resulting from the MSA); (3) the withdrawal of national affiliates' veto-power, and (4) the stimulus of other, cross-sectoral organisations with a direct membership structure (ibid.: 109). Whether the organisational strengthening of UNICE organisation

implies a changed attitude to European social policy and negotiations remains to be seen, however, although sources in the European trade union movement argue that they have noticed a more co-operative employer approach resulting from the fairly successful recent social dialogue experiences – seen from the employers' point of view.

- 334 A similar explanation was presented by Emilio Gabaglio, ETUC, in a joint interview with Andrew Martin and myself (3.10.1996). Speaking explicitly about the seduction-hypothesis, he emphasised that European trade unions have had to design and adjust their strategies to the existing political realities at European level. Realizing the constraints and weak competences of the EU in social policy, he underscored that the ETUC has naturally had to seek alliances and influence where such opportunities have been available, in practice predominantly through political channels and co-operation with the Commission, a route most easily accessible for top-level actors.
- 335 Interview with Rudi Delarue and Ronald Jansson, CSC, Belgium (29.3.1993).
- 336 With respect to the Europeanisation of social movements, considered as "Euro-centered collective action", Tarrow (1996) suggests one can distinguish between three dimensions: the sources that can trigger collective action; the processes of collective action, and its actual outcomes. In this perspective co-ordinated national strategies to cope with – or take better account of – changes stemming from the European level, are also elements of Europeanisation. The ETUC strategy debate was clearly triggered by Community developments; the process of organising collective action was pursued in a European context but leaned towards a transnational mode of operation, while the possible outcomes clearly would have a European impact. In this sense it was evidently an instance of Europeanisation, although not in direction of supranationalisation.
- 337 In that sense it conformed with the view of Streeck (1995a) that European social policy is primarily concerned with organising the interfaces between national systems and "the protective insulation of national regimes and the stability of the nation state" (ibid.: 42).
- 338 This concept reflected the bargaining system in the federal German state, where national coherence is based on co-ordination of industry negotiations at 'Länder'-level through so-called 'pattern-bargaining' where IG Metall serves a 'pioneer'-function, i.e. integration from 'below' via regions and industries. (See Jacobi et. al. 1992.)
- 339 Still, the DGB explicitly referred to the special responsibility of German unions in securing a proper buildup of union counter-power on the European level, due to the dominant position of Germany in the European economy. However, the general pattern of responses fitted with the idea that convergent economic pressures caused divergent effects in different countries.
- 340 Such considerations were important in explaining the puzzling Nordic behaviour; the Nordics had urged European legislation after they always had taught their ETUC fellows about the beauty of the Nordic model based on autonomous collective bargaining.
- 341 Although it may not be implausible, I find such an interpretation overstated. In my view the German approach was less a result of such long-term strategic considerations, than any immediate reflection of entrenched national perceptions of collective bargaining and tension over inter-union authority relations projected onto the European level. In addition, European action appeared less urgent from a German point of view than from the angle of many other affiliates.
- 342 A similar notion has been used by Buda (1995).
- 343 An important exception from this pattern was the former international secretary of DGB, Peter Seideneck, who – through his eloquent command of French, Italian and English and his privileged relation with ETUC and the DGB president Ernst Breit – developed a broad contact net among Southern as well as Nordic unions, and became the key architect and operative designer of the ETUC 1991 Congress. After the change of DGB president in 1991, however, he felt he had had enough of the weak DGB involvement in ETUC affairs and withdrew, leaving a vacuum within DGB international policy. He has later resurfaced as the chief advisor of ETUC general secretary Emilio Gabaglio, and is regarded as one of the most influential actors within the ETUC, however, presumably less as a German actor and more as a representative of the new circles of Europeanised ETUC experts.

The situation of the Germans seems different in some of the industry committees, where German industry unions have taken on a dominant role. For example, in the EMF and the EFCGU (respectively) the IG Metall and IG Chemie in practice have acted as driving forces in terms of resources, personnel and building networks. This distinction, indeed, reflects the different role of German industry unions and the confederation DGB and that the industry committees to a greater extent are dominated by Northern affiliates, while the Southern presence is weaker than at Confederal level.
- 344 This may seem in contradiction to the cultural divisions referred above, but in my view it is not. Although not always fulfilled, the sensitivity mentioned among the Nordic and Latin actors underscored the importance of respecting the dignity of the other actors.
- 345 A related factor, of a more personal character, was that the former DGB leader, Ernst Breit, who had been president and a key actor in the ETUC, had left office and been replaced by Heinz-Werner Meyer, who personally had no experience and limited interest in European affairs. He therefore paid very little attention to it, causing a situation where DGB's European policy was left in disarray ("we had no policy", as one source conce-

ded to me) and became dependent on individuals acting more or less of their own volition.

Another example of the personal factor was the role of the person responsible in the ETUC Secretariat, Jean Lapeyre, who, reflecting his French background (according to the Nordic and German representatives) had great difficulties in grasping the criticism of these actors (cf. "limited learning capacity"). The way he tried to summarise views and define the agenda often caused anger, distrust and opposition among the Nordic and German actors, clearly contributing to heighten the temperature and complicate the process of compromise-making. The difficult personal chemistry, also reflecting great cultural distances, at certain points caused major misunderstandings that threatened collapse of the whole process. Lapeyre, an intellectually-oriented, talkative French unionist, who tended to Italian suits and was well integrated in Delors circles, triggered all kind of cultural and political counter-reactions among the more practically-oriented Nordic trade unionists. In recent years, however, this relationship has improved significantly, illustrated by the close co-operation between Lapeyre and the Nordics in the "bargaining order"-struggle (cf. chapter 11). Thus, now the Nordic actors recognise Lapeyre as an important resource person in ETUC and a close ally of the Nordic unions in social dialogue matters.

- 346 As recently suggested to me by a central source in the Nordic union movement, "it may seem as if the significantly improved credibility and cohesion of the ETUC in recent years hinges on the personal legitimacy of Emilio Gabaglio." Similarly, a source in the ETUC Secretariat suggested that "the only supranational element of ETUC is Emilio. He is the only one that can influence and change the positions of central member organisations. ETUC interest intermediation is thus very much a process in which the general secretary collects affiliate views, work out possible ETUC positions, and negotiates policy compromises through a reiterative interplay with the member organisations." If this is so, it indeed represents a good illustration of the interwovenness between national and European policy-making.
- 347 According to Streeck and Schmitter (1992: 227), "the evolutionary alternative to neo-liberalism as a model for European political economy is clearly not (German or Scandinavian) neo-corporatism. More likely appears an American-style pattern of 'disjoint pluralism' or 'competitive federalism', organized over no less than three levels – regions, nation-states and 'Brussels'. As in the United States, and perhaps more so, this system would be characterized by a *profound absence of hierarchy and monopoly among a wide variety of players of different but uncertain status*".
- 348 After a serious economic crisis in the late 1980s, the Norwegian social partners and the government have pursued a vigorous revitalisation of centralised incomes policies and political exchange, in 1992 codified in the so-called "Solidarity Alternative". Important ingredients in this 5-years programme have been to reduce relative wage costs compared to other European countries through moderate solidaritarian wage policies; active labour market policies; preservation of welfare schemes; stable exchange rate policies and active use of fiscal policies to stimulate employment. This package has actually contributed to improving competitiveness and bring down inflation and interests rates, and in recent years an unprecedented growth of employment has been seen (approx. 2 % per annum), reducing unemployment to below 4 % (Dølvik et al. 1997). Similar strategies of competitive concertation have in different versions been pursued in Ireland, Italy, the Netherlands, Spain and recently in Portugal, but not in Germany or Belgium. Also in more recent works of Streeck (e.g. 1995a: 57), the possibility of national resurgence of corporatist concertation in response to internationalisation is acknowledged, associated with the view that "post-Social-Democratic co-operative re-regulation can draw on the institutional and economic nationalism of labour movements, which are prevented from acting at supranational level by lack of state capacity as employer interlocutors".
- 349 See the studies of Traxler (1994, 1995, 1996a), Crouch (1993a, b), Hyman (1994c), Hyman and Ferner (1994, 1997), Wallerstein and Golden (1996), Bordogna (1996), ETUI (1996) and Visser (1995b).
- 350 References to page numbers in Ferner and Hyman (1997) refer to a draft from June 1997.
- 351 For example: TNCs seem interested in preserving variations in wages and social costs as strategic parameters of corporate governance; the abolition of the exchange rate under EMU will strengthen pressures for national wage flexibility as a means of adjusting to external shocks and distortions of competitiveness; changing structures of enterprise and work organisation reinforce pressures for decentralised decision-making, and the social actors, not least the employers, apparently want to retain pay as a key parameter at national level. This in itself does not contradict or preclude development of European framework agreements, but it does underscore that the functional pressures are contradictory. The creation of European framework regulations of pay and core issues of industrial relations therefore requires considerable commitment and social engineering in order to be compatible with the conflicting interests and needs sketched above. For example, profound changes would be required in the political approaches of trade unions, employers and governments, besides radical institutional innovations at European level (cf. the need for conflict law, procedures for negotiations, approval of agreements etc.).
- 352 The Condominio model of European integration is, according to Traxler and Schmitter (1995) (see also same authors, 1994), characterised by territorial and functional variability. Rather than a unified Europe, this would imply a plurality of "Europes" marked by a multitude of institutions with divided and partly overlapping competences, operating in different fields of Community policies (1995: 247) (my translation).
- 353 A conference on the issue was held in the Ardennes, 28 June 1997. Information provided by J. Kreimer-de

- Fries, DGB (13.8.1997).
- 354 The report submitted by the working group entitled "Keeping in Step with Europe: Economic Aspects of Wage Formation", led by the LO economist Per-Olof Edin, suggested that total hourly wage costs, including wage drift and changes of payroll taxes, could be allowed to increase by 3.5 % per year on average, which was compatible with the forecast development of average wage costs in Western Europe 1995–96 (Elvander 1997: 63). Although the European Norm had some influence on the 1995 bargaining round, it has not been formally adopted, but it conforms with appeals from the Social Democratic government that the parties should co-operate in order to create new forms of bargaining and wage formation that do not increase inflation or unemployment in the new European context. In March 1997, the trade unions and employers' associations in the entire industry sector concluded a surprising "Co-operation Agreement on Industrial Development and Wage Formation", which, according to Elvander, represents a remarkable employer turn from a line of confrontation and decentralisation to centralised co-operation on industry level, possibly representing a modern counterpart to the Basic Agreement of 1938 (*ibid.*: 68). These developments illustrate that the effect of economic integration in Europe is not necessarily erosion of national industrial relations – re-organisation and revival of national patterns of concertation can be an alternative outcome.
- 355 As stated by Streeck and Schmitter (1992: 208): "Much of the corporatist debate of the 1970s was on the question of whether a strong state is a precondition for strong associations, or whether strong associations can develop without, and may even substitute for, a strong state. Based on national observations and cross-national comparison, what seemed to emerge as a tentative consensus assigned prominent place to the indispensable contribution of public power even in cases of 'societal corporatism' (...). The European Community has never been permitted to develop the organizational design capacities necessary to reshape powerful interest organizations rooted in civil society.(...) As long as the Community – that is, the non-intergovernmental institutions such as the Parliament and the Commission – cannot autonomously determine the range of policy issues that come under its jurisdiction, its ability to influence the structure of organized groups will remain low indeed."
- 356 References to page numbers in Martin and Ross (1998a,b) refer to drafts from June 1997 which may differ from the final published versions.
- 357 This interview was conducted together with Andrew Martin 3.10.1996.
- 358 The highlighting of this point results from my final discussions with Andrew Martin over previous drafts, drawing also attention to the somewhat paradoxical fact that the progress of ETUC integration in recent years would seem to have led national actors to leave European political issues more to the ETUC, thereby neglecting the need to influence policies of national governments.

# PART V

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## SUMMARY AND CONCLUSIONS

In this part, the central questions, empirical findings and analytical conclusions of the study are reviewed.

## **14 Redrawing boundaries of solidarity? - review of empirical and analytical conclusions**

### **14.1 The challenge**

In the introduction of this thesis, the renewed pace of European integration from the mid-1980s was described as a challenge of historical magnitude to European trade unions. The "1992" project extended the markets in which trade unions were operating and transferred significant regulatory authority from national to European institutions. The Maastricht project of Monetary Union implied a further surrender of national macroeconomic capacity. The twin effect of these changes would be, it was assumed, to weaken the capacity of national governments and unions to influence employment and social conditions. Enhanced employer opportunities to opt out of less onerous national jurisdictions and to pit workers and states against each other across national borders were expected to bolster capital power, put labour standards under pressure and threaten established forms of "bordered" labour solidarity.

The logical trade union response to these structural transformations was, in line with the historical rationale of unionism, to expand the range of their strategic action by unifying forces on a European scale and shifting the locus of union policy from the national to the European level. Important obstacles militated against such a strategy of Europeanisation, however. Whereas market integration was governed by supranationality and economic policy was constrained by strict treaty provisions, Community competences in the field of labour market and social policy were limited. This confronted West European trade unions with an asymmetric regime of integration in which capital and economic governance were Europeanised, while core issues of employment and industrial relations remained within the purview of the nation-states. Thus the barriers to trade union influence on European integration were significant, and the incentives for trade union Europeanisation seemed ambiguous and contradictory. The external challenges were compounded by the internal obstacles stemming from the fact that unions were embedded in highly divergent national institutions, as well as the weak organisation of unions at the European level.

The purpose of this thesis has been to analyse how West European trade unions, under the auspices of the ETUC, have responded to these challenges over the last decade by trying to develop confederal European structures and policies conducive to the creation of a European system of labour market regulation and industrial relations. After the so-called social dimension of European integration had been deadlocked for years, ETUC efforts unexpectedly culminated in 1991, when employers were induced to sign the 31 October agreement which was then incorporated almost verbatim in the Maastricht Social Agreement (MSA). The ETUC celebrated this as a historical breakthrough; many observers saw the MSA as a watershed in the



struggle for a social Europe. The British blockage was circumvented; Community competencies and qualified majority voting were extended; and the social partners were granted a role as co-regulators entitled to replace EU legislation with European agreements. Now the path towards Europeanisation of trade union policy and industrial relations seemed to lie open.

In this thesis I have used the processes that led up to and that followed from the MSA as a case for analysing the dynamics, constraints and results of trade union Europeanisation over the past decade. What happened and why did it happen the way it did? In this concluding chapter, I review the main questions, empirical findings and analytical lessons of the study.

## 14.2 Analytical point of departure

In Part I, I indicated that studying the evolution of trade unionism at the European level is an “adventure into unknown terrain”. Efforts at creating European institutions for labour market regulation are phenomena not easily rendered understandable by concepts taken from the conventional tradition of industrial relations research; instead, they require a rethinking of analytical perspectives and search for new concepts and mechanisms. Since I wanted to account for ETUC integration, the central analytical questions were in chapter 1 specified in the following way:

*(1) What has been the role of changes in the European economic and political environment of trade unions?*

How have the efforts of trade union Europeanisation been influenced by external changes related to (a) single market integration; (b) political and institutional changes in the European Community (now European Union); and (c) specific developments related to the social dimension of European integration?

*(2) What has been the role of changes in the national environment of trade unions?*

How has the Europeanisation of trade union policies been influenced by changes in the political capacity of the nation-states and the often-claimed associated ‘erosion’ of national means of trade union policies? How has the diversity of national industrial relations and trade union traditions influenced the perceptions and capacity of trade union integration at the European level?

*(3) What has been the role of internal dynamics and constraints of European trade union organisations?*

How has the Europeanisation of unions been enhanced, constrained and shaped by inherited structures and patterns of trade union co-operation at the European level? A central concern of the study has been to analyse how change and/or continuity in ETUC co-operation have been affected by the interplay between (a) established institutions, legacies, actors and interests within the ETUC; (b) changes in the size, structure, perceptions and identities of the membership; and

(c) deliberate efforts at organisational reform.

*(4) How has European trade union integration been influenced by the interplay between external and internal forces, and between European and national actors?*

A basic assumption of the study is that union actors, and hence the processes of union Europeanisation, are essentially shaped by the interplay between determinants from "above" (transnationalisation of capital and European regimes of governance), from "below" (changes in national systems of industrial relations), and from "within" (changes in national and European union organisation).

I chose to relate the analysis to "two predominant and diverging views on the evolving EC/EU regime of social and labour market regulation, notably the 'Euro-optimistic' and the 'Euro-pessimistic' view" (cf. chapter 2). This "idealtypic distinction" was perceived as a "helping device to identify different lines of thought which tend to reflect different emphases both as regards theoretical orientation, empirical interpretation and (normative) perceptions of desirable/possible outcomes of European social policy integration".

According to the "*Euro-optimistic*" line of interpretation, the long-term build-up of EC/EU competence in social regulation has been facilitated by the interplay between neo-functional dynamics resulting from the process of market-making and political integration; path-dependent developments resulting from previous instances of European-level institution-building, and political resource mobilisation on the part of the social dimension complex. This has also served to enhance the Europeanisation of trade union structures. In this view, the institutional reforms of Community social policy at Maastricht were expected to generate renewed momentum to European trade union integration.

According to the "*Euro-pessimistic*" line of interpretation, however, the predominantly intergovernmental character of EC/EU integration, built on supranational market-making and protection of national sovereignty, has precluded development of an effective regime of European social regulation and inhibited Europeanisation of trade unions. In this view, these constraints were reinforced by the Maastricht reforms, which thus represented a decisive defeat for organised labour.

Common to both tendencies was scepticism concerning the ability of European trade unions to integrate, owing to the institutional diversity and the lack of a common identity and culture among European trade unions.

In chapter 2, various analytical perspectives and concepts which I considered relevant for the study were reviewed. First, the assumed importance of structural imperatives and the neo-functionalist origin of studies of European social policy and trade union integration were outlined, as was the "Euro-pessimistic" critique of the "functionalist fallacy" that has characterised much "Euro-optimistic" analysis. Second, various approaches based on political and institutional perspectives were presented: (1) The macro-sociological approach of Marks and McAdam (1996), who suggest that the shift of political locus from the national to the European level could be expected to cause attendant shifts in the locus of collective action,

and that interest groups could be assumed to adopt an important contesting role as “challenging groups” of the evolving Euro-polity. (2) Concepts from studies of European interest intermediation, where it is suggested that the “logic of influence” would tend to shape formation of European interest groups in conformity with the fragmented institutional “target structure” at European level (Kohler-Koch 1996, Traxler and Schmitter 1994). (3) The historical-institutionalist approach (Pierson 1995), which emphasises that unintended consequences of European institution-building tend to change the preferences of social actors and lock them into “path-dependent” developments which create pressures and room for autonomous action and politically constructed “spill-over” by supranational actors. (4) The concept of “Russian-Doll” strategies pursued by the Commission (Martin and Ross 1995), according to which Commission attempts at exploiting the “economic approach” of integration to creating social pressure and mobilising political resources in favour of political integration are seen as a central driving force behind the Europeanisation of trade unions. (5) The comparative industrial relations approach (Strøby Jensen et al. 1995), which contrasts between collective bargaining as the locus and source of trade union power and the political dynamics underlying the institutionalisation of European industrial relations. Recalling the formative impact of “strategic choices” and “institution-building” pursued during the genesis of national industrial relations systems, this approach has suggested that trade unionism at the European level could be expected to attain a different and less powerful form than its national predecessors.

On this basis, a simple analytical framework was outlined, inspired by the thesis of Marks and McAdam that Europeanisation of interest groups would be shaped by the political “opportunity structure” available to them at European level, that is, “(1) the relative structural access a group has to EU institutions; and (2) the general policy receptivity of the Union – particularly the Commission – to issues salient to the group” (Marks and McAdam 1996: 103). How successful a group is in adapting to and interacting with this environment, however, was seen more as a function of its internal characteristics, particularly “the way inherited institutions and ideologies may constrain a group’s ability to exploit whatever EU level opportunities are available” (ibid.: 103). Hence, a central concern of this study has been to analyse how structural obstacles, institutional dynamics and deliberate political actions have interacted in shaping the process. Accordingly, I assumed that leadership, community-formation and fostering of collective identity would represent essential preconditions for the success of ETUC efforts at developing transborder labour solidarity. Against this background, my basic conceptual framework for interpreting the attempts of collective union actors at promoting Europeanisation of industrial relations and trade unionism was outlined as follows:

- (1) “*The challenge*” – European economic and political integration put structural and functional pressure on trade unions to strengthen their European-level organisation in order to regain influence on decisions of strategic importance to labour, reflecting the shifting “target structure” of European trade unions.
- (2) “*The hurdles*” – the asymmetric regime of European integration, marked by supranational mar-

ket-making and weak competence in labour issues, employer reluctance, together with economic disparities and institutional diversity of the member-states, erect structural barriers to the Europeanisation of unions.

(3) "*The opportunities*" – the evolving configuration of political actors, authorities and institution-building associated with the social dimension, encourages and shapes the Europeanisation of trade unions, in line with the "logic of influence", in the direction of political agency rather than of European collective bargaining.

(4) "*The organisational capacities*" – as the development of trade union power-resources and action capacity at European level is constrained by the diversity of interests and institutions among ETUC affiliates, in line with "the logic of membership", factors like leadership and the capacity to overcome inherited cleavages and develop shared visions, identification and mutual learning are critical for the development of common strategies of trade union integration.

The central analytical questions and factors assumed to influence trade union Europeanisation were associated with processes of social change of very different character, expected to unfold over different time-spans. Political events at Community level, such as the treaty reforms at Maastricht, required strategic action and swift political decisions by the ETUC. In contrast, it could be assumed that the implications for trade unions of structural change in the European economy would evolve through longer sequences of institutional adjustment, while changes in inherited collective identities and values are usually associated with long-term societal transformations and generational change. Hence, I have studied the strata and sequences of social change that were most likely to be determined by different social mechanisms, and this has required a variety of conceptual approaches and interpretations. A central concern has been to trace how the different processes of change have been mutually contingent and how tension and interaction between them have actually shaped the emerging pattern of trade union Europeanisation. This means that the analysis has been guided more by search for a comprehensive, realistic understanding of how the different features, factors and mechanisms of change are interconnected and influence the overall process, than by any quest for analytical parsimony. However, my primary focus has been on how specific, short-term political choices at the European level have been influenced by institutional factors and how such choices, in turn, have given rise to institutional adjustment and changes in actors' behaviour, while longer-term structural change and transformations of identities and values have played an important secondary role as factors that have conditioned and shaped the former.

## 14.3 Review of main empirical findings

### 14.3.1 Development of European social policy and industrial relations

Since the re-launch of European integration in the mid-1980s, the central objective of the ETUC and its affiliated unions has, as outlined in chapters 1, 5 and 6, been (1) to develop a European social policy regime capable of regulating employment issues and industrial relations on a transnational basis and securing workers' rights to organisation, industrial action and collective bargaining at the European level; and (2) to establish Community capacity for pursuing co-ordinated economic and employment policies to compensate for the declining capability of nation-states to sustain full employment.

The strategic rationale behind these objectives has been twofold: (1) to extend the scope of labour market regulation and trade union policies to that of the expanded internal market in order to inhibit "regime competition" and prevent employers from pursuing cross-border "whip-saw" tactics against labour; (2) to ensure that the rationalisation and restructuring in the internal market are countered by growth-stimulating European policies to combat unemployment and prevent a further weakening of trade union strength.

In view of the broader trajectory of European integration (cf. chapter 4), the aspirations of the ETUC were indeed ambitious. They implied a radical transformation of political governance in Europe, whereby union losses at national level could be compensated by the establishment of a political order with capacity to govern the economy and re-regulate employment relations at European level.

#### *Main results*

With the privilege of hindsight, it is not difficult to confirm that the ETUC has fallen short of achieving what it aimed for and that its "Euro-optimistic" expectations have not been fulfilled.

First, along the *economic dimension*, the dominance of market-making and monetary integration has prevailed and has not been complemented by the development of a macro-economic Community capacity for pursuing co-ordinated fiscal and industrial policies to boost growth and employment (cf. chapters 4, 10 and 12). On the contrary, the monetarist thrust of the EMU has further constrained national capacity to influence employment; it has effectively precluded adoption of more expansionist economic policies at the European level, and has – at least temporarily – locked the European economies into a trajectory of reduced production and employment growth, aggravating the unemployment crisis. This has weakened the position of trade unions at national level, without enabling adequate countervailing measures at the European level. It should be acknowledged, though, that persistent ETUC pressure has contributed to raise the issue of employment higher on the Community agenda. However, due to the limited Community competences and the constraints of the EMU programme, the Essen-process towards closer co-ordination of labour market policies (written into the treaty at the Amsterdam Summit) has proven vastly insufficient to prevent continued mass unemployment.

Second, along the *social dimension* more encouraging developments have occurred, although also here the results fall short of ETUC aspirations. Even though the MSA and its eventual incorporation in the revised treaty has implied a widening of EU authority and the scope for qualified majority voting, the competencies of the Community in social and labour issues remain narrow. Basic workers' rights – the right to organise and to industrial action – on a transnational European scale have not been ensured in the treaty and the issue of pay is precluded from EU competence. Central issues like social protection of employees and the collective representation and defence of workers are still governed by unanimous decision-making. Nevertheless, the surprising 31 October agreement and its inclusion in the MSA represented a significant step towards institutionalising social dialogue as an important element of EU social policy regulation (cf. chapter 8). Through the MSA, European employers' and labour organisations were not only constitutionally granted a consultative and co-regulatory role in Community social policy. They were also granted the opportunity to substitute pending EC/EU legislation with European agreements, which eventually could become binding law throughout the single market (except in the UK). The establishment of such an "island of Euro-corporatism", in my view, went further than could plausibly be expected from a "Euro-pessimistic" conceptualisation of Community social policy and was clearly at odds with the assumption that Community interest representation would move in direction of an "American-style pattern of disjointed pluralism" (Streeck and Schmitter 1992: 227).<sup>1</sup>

However, the formula of inducing negotiations "under the shadow of law" was accepted by the employer side with the sole motive of diluting regulations and avoiding the greater evil of legislation. Lacking conflict-clout, the bargaining power of the ETUC hinges on the willingness of the Council to adopt legislation compatible with trade union interests. As rightly emphasised by "Euro-pessimistic" scholars, the agenda of EU social policy legislation has been limited to implementing remaining blocked directives of the 1989 Social Action Programme; attempts at accommodating UK consent and inducing negotiations have implied a watering-down of eventual regulations. Still, contrary to the "Euro-pessimistic" expectation that the UK opt-out would prevent use of the MSA and would grant employers pre-emptive veto-power, the MSA has enabled adoption of the contested European Works Councils directive and negotiation of two Euro-agreements on parental leave and part-time work. These regulations, albeit modest in themselves, have contributed to consolidate the institutional innovations of the MSA and open a path of potential importance for the future.

These advances were obtained during a period of profound crisis of European integration and the European economy, a point that I feel deserves recognition. The "Euro-optimistic" ETUC hope that the MSA would launch a new era of Community social policy activism and pave the way for European collective bargaining have not been fulfilled, however. Rather than marking a watershed, the practical use of the MSA has (as analysed in chapters 10 and 13) meant a continuation of a longer-term tendency of Community social policy to restrict the regulatory role of the Community to providing framework regulations that define broad objectives, minimum standards and procedures, while allowing great leeway for flexible

implementation by national governments and the social partners. In accordance with the principle of double subsidiarity, preference has been given to negotiated solutions rather than legislation, and to national rather than European regulations. Social convergence has increasingly been sought through closer co-ordination of national policies and soft regulation like recommendations, guidelines, incentives, programmes, dissemination of experiences, best practices and the like. In organising the interfaces between national systems, the rationale has been to resolve the "regulatory conundrum" of European social and employment policy (Rhodes 1995) and preserve national diversity and sovereignty against unmediated disturbance from international competition (Streeck 1995a). In this context, the nation-states and trade unions have mainly consented to a limited "pooling of competences" when the stability of national institutions has been threatened by "regime competition", exemplified by the directives on EWC and posted workers. Thus, rather than a supranational system for harmonisation of universal employment rights, what has evolved is a multi-tiered European regime of shared competences between the EU and the member-states, under strict intergovernmental control of the member-states in the Council.

*Assessment: implications for European industrial relations*

The emergence of this "minimalist" regime of European social policy has only provided weak and ambiguous impetus to the development of a European system of industrial relations. While the "negotiate or we will legislate"-formula has induced employers to enter binding relations at the top confederal level, and the EWC directive has induced employers to negotiate information and consultation arrangements in transnational companies, the ETUC aim of independent collective bargaining, preferably at the European sectoral level, has suffered from lack of Community support and employer resistance. Whereas the dependency of the top-level social dialogue on Community legislation suggests that the impetus to Europeanisation of industrial relations from above will remain limited, the spread of EWCs may provide a basis for a broadening transnational exchange between management and labour as well as between workers' representatives from below, possibly enabling new forms of "arms-length" co-ordination and "pattern bargaining" to evolve (Marginson and Sisson 1996a). There is, however, a risk that such dynamics may encourage a new kind of transnational "micro-corporatism" and tempt TNCs to abandon national systems of collective bargaining. If the trade unions do not manage to integrate union activities emanating from the EWCs into a broader strategic approach, co-ordinated with national and European industry federations, the result might be further erosion of national industrial relations and fragmentation of union solidarity.

Although the development of European-level industrial relation in recent years has been patchy, it has meant the establishment of institutional frameworks and co-ordinates of what might in the future evolve into a more comprehensive system of European industrial relations. As referred in chapter 2, national systems of industrial relations have been shaped by "institution-building" and "historically contingent collective choices and compromises" dur-

ing the early phases of their evolution, which tend to structure future patterns of collective action (cf. Sisson 1987: 10, 191, Due et al 1994: 27). If this holds true at the European level, the emergent trajectory of Community labour market regulation does not point towards the creation of a hierarchically integrated European system of collective bargaining and industrial relations similar to that of its nation-level predecessors. What we have witnessed is rather the nascent evolution of a different kind of European regulatory system. Oriented towards soft framework regulation designed to be implemented through interplay between legislation and negotiation by social actors at a multitude of levels, it displays the contours of a network pattern of multi-layered, articulated industrial relations. While the degree of vertical integration is limited, the dominant focus will most likely be on horizontal co-ordination between nationally located social actors. If so, European industrial relations will evolve in direction of a dual system in which the hard core of industrial relations persists at national level, though increasingly embedded in European frameworks for transnational co-ordination at the respective levels. On the basis of a European floor of minimum rights, one might envisage the development of more specific guidelines and orientation agreements at the European sectoral level, serving as reference points for transnational "pattern bargaining". Insofar as the sectoral tier of such a dual European system is still virtually absent, however, a major challenge for trade unions will be to close this gap in order to prevent greater cleavages between the central and local levels.

Compared to its national predecessors, the European tier of this embryonic system has so far been marked more by political dynamics than by mass mobilisation; by consensual dialogue rather than industrial conflict, and by public facilitation of social partnership rather than state intervention in class conflict. In the view of some scholars, this may represent a promising move towards co-evolution of a new, innovational form of reflexive, self-regulating governance in which the state serves more as a mild mediator and broker between social interests than as a traditional regulator (Falkner 1996c, Kohler-Koch 1996). In the "Euro-pessimistic" view, however, the "voluntarist" thrust of the emerging European industrial relations regime represents a major weakness (Streeck 1995a, b). By not enforcing universal employment rights or compelling employers into European collective bargaining, the EU regime, in this view, relegates the outcome of regulations to the balance of power between the negotiating social actors. Exposed to the play of international market forces, this is seen as leaving workers and trade unions in a situation where the application of social rights becomes increasingly reliant on employer benevolence, likely to cause growing disparities and downward social convergence.

As argued in chapter 13, I perceive the "Euro-pessimistic" critique as overly dismissive. Although it is true that European regulations have been patchy and have lacked stringency, we should not underestimate the evolutionary potentials of the emerging form of regulation. Consent and involvement of national and decentralised actors in shaping the incorporation of European regulations in national labour market contexts are, as I see it, indispensable for a viable Europeanisation of industrial relations. Not only are these steps required so as to pre-



vent alienation and implementation gaps, they are also important preconditions for democratic voice and a closer coupling of social actors located in national realities and European arenas of industrial relations. Given that most industrial relations actors and governments have rejected the idea of a supranational system of harmonised employment regulation, I view the chosen regulatory approach as a fairly realistic compromise between the desires to delimit "regime competition" and preserve national models of industrial relations. Moreover, by allowing implementation in accordance with national procedures, trade unions can mobilise power resources vested in national industrial relations systems. A central weakness of the current approach, however, has been the preclusion of transnational rights to industrial action. Unless trade unions become capable of countervailing capital exit threats and manage to underpin their demands by transborder mass mobilisation (either by seizing the right voluntarily, or by legal reform), their bargaining position will remain inferior.

In contrast to the "Euro-pessimistic" view that EU social regulation is doomed to remain weak (Streeck 1995a), I share the view of Ferner and Hyman that "the social dimension, like that of 'Europe' itself, is a terrain of struggle rather than a predetermined outcome" (1997: 10). Hence, the nation-states' blocking of effective European social regulation is a "political choice rather than economic necessity, strategy more than structure" (ibid.: 11).

The conditions for reconsidering this political choice and adopting a more stringent EU approach have arguably been enhanced by the end of the UK "opt-out", the incorporation of the MSA and the employment chapter in the renewed treaty and the emergence of Social Democratic governments in a majority of EU member-states. Such a policy change would indeed improve the unions' bargaining power and the scope for negotiated legislation, but it still does not seem likely that the new majority in the EU Council will dare to challenge the legacy of institutional nationalism in social policy.<sup>2</sup> This underscores the fact that trade union ability to orchestrate change in the trajectory of European integration is contingent on their capacity to influence the policies of the respective national governments. Therefore, national strength will remain a fundamental prerequisite of any viable trade union strategy for Europeanisation.

### *Conclusion*

The ETUC and its affiliated organisations have achieved notable progress in the field of EU social policy and industrial relations regulation, mainly in the form of institution-building. The patchy basis of minimum rights has not been sufficient to prevent employers from exploiting the mechanism of "regime competition" to weaken trade unions and pressure governments to give concessions in employment related issues, however. This means that trade unions have lost power in many European countries, without regaining comparable power at the European level. Despite this "creeping erosion" of union strength, there is no evidence that the single market has led to widespread de-regulation of national systems of industrial relations and collective bargaining. It now seems that the widely expected trend towards flexibility and decentralisation in the early 1990s was exaggerated, and in several countries a revi-

alisation of centralised concertation has occurred. Thus, national diversity and distinctive state traditions of industrial relations have persisted (Traxler 1996a, Ferner and Hyman 1997).

Of greater consequence for national industrial relations than the weak EU capacity for regulating labour market competition have been, I feel, the detrimental effects of the broader trajectory of European integration. The reduced capacity of national governments to maintain and generate employment as a result of European competition rules and the restrictive regime of macro-economic governance has contributed to persisting mass unemployment. Even though a reduction of the public debt burden in many countries has been necessary, the time-schedule of the EMU convergence process and the lack of Community capacity for preventing tax competition and fiscal dumping have meant that governments have been forced to pursue privatisation and drastic cuts in public spending and jobs. Combined with the restrictive monetary policies flowing from the EMU programme, this has restrained investment, growth and employment creation. In my view, this has had a much stronger and more direct negative impact for the European workforce and trade unions than the growth of cross-border relocation and restructuring of companies in the single market. As recently pointed out by Scharpf (1996b) and Rhodes et al. (1997), the flows of investment and jobs in European TNCs largely unfold between economies with comparable productivity, and it seems questionable how much European integration has added to the general trend of internationalisation in this realm.

Taken together, these conclusions suggest that European trade unions have been trapped by a double asymmetry of European integration. Although the ETUC and its affiliates have gained noteworthy opportunities to influence European social policy, an area in which Community powers have been very limited, they have been excluded from any tangible influence on the far more powerful and more consequential EU regime of economic governance. This skewed and contradictory "opportunity structure" of trade unions at the European level has had a major impact on the form and pace of trade union Europeanisation.

#### **14.3.2 ETUC integration and the Europeanisation of trade unions**

In view of the strong national orientation of trade unions and the ambiguous incentives stemming from European integration, the transformation of the ETUC over the past decade has been striking: "A European trade union structure with the potentials for serving as a vehicle for a European labour movement has come into being" (Martin and Ross 1998a: 4). As initially assumed, however, the evolving form of European trade union integration has been very different from most of its national forerunners.

##### *The point of departure*

When the ETUC was founded in 1973, after more than two decades of European integration, it became a broad coalition of national confederations and associated European industry committees from the EEC and EFTA area. (See chapter 6.) For the first time in the history of

international trade unionism, the ETUC managed to organise Socialist, Christian and eventually Communist-oriented unions. This broad territorial and ideological compass could not but imply enormous membership heterogeneity and great diversity of views on the functioning and competences of the association. While some affiliates wanted the ETUC to concentrate on representing trade union interests vis-à-vis Community institutions, others wanted it to promote trade union co-operation throughout all of Western Europe (Barnouin 1986). While some affiliates were strongly motivated by the political ideal of European unification ("Euro-idealists"), others were driven by the desire to build up transnational union counterforce and collective bargaining ("Euro-pragmatists") (Gobin 1996). While unions in the original six EC member-states perceived increased supranational integration as a necessary prerequisite for effective pursuit of workers' interests, unions in the EFTA countries were deeply sceptical of Community integration. Consequently, from the outset the ETUC became a loose umbrella association with slim resources and very limited authority. Owing to the conflicting views on Community integration and the lack of competence to engage in issues belonging to the prerogative of national affiliates, during the 1970s and early 1980s the ETUC functioned mainly as a clearing house for political lobbying of Community institutions on the basis of lowest-common-denominator resolutions (Goetschy 1995). The credibility and importance of the ETUC was minimal; prominent members dismissed the organisation as a "letter box" and a "head without a body".

#### *New impetus to ETUC integration*

With the re-launch of European integration from the mid-1980s, notable changes evolved in the ETUC membership's attitudes to European integration. Growing economic internationalisation, domestic crisis, and the failure of the French experiment with Keynesianism "in one country" – all contributed to strengthen the quest for a European solution to the decline of national unions. Whereas the single market was perceived as a threat to national unions which urged transborder co-operation, the promise that it would spur employment growth and be accompanied by a social dimension, convinced even "Euro-sceptical" ETUC affiliates to reconsider their positions. Compared to the union-hostile, neo-liberal environment prevailing in most countries in the early 1980s, the 1985 call from Commission president, Jacques Delors, on European unions to become central partners in building a social Europe appeared as a tempting opportunity. Important incentives for Europeanisation of trade union policies were created by inviting European-level social dialogue and ETUC access to Commission circles, providing resources for establishment of a number of new ETUC institutions, and triggering the British TUC to shift to a pro-European stance in order to exorcise Thatcherism. In parallel, Southern enlargement of the Community and the decision of the EFTA countries to join the single market via the EEA agreement meant that former divisions between unions 'inside' and 'outside' the Community lost salience. The confluence between widened market integration, tendencies of trade union modernisation, ideological pragmatism and changing perceptions of the Community, brought about a growing convergence of

views among union leaders in Europe that strengthened ETUC integration was indispensable. The need for structural reform was compounded by the steady growth of ETUC membership during the 1980s, which was propelled by the fall of the Berlin Wall in 1989, further increasing ETUC diversity and compass.

*The 1991 Congress: Setting the agenda for ETUC reform*

The new impetus to ETUC integration culminated at the Congress in Luxembourg in May 1991. Anticipating a new leap in European integration at Maastricht, a coalition of integrationist forces within the ETUC set the agenda for a process of "Perestroika" from above, orchestrating a change of ETUC leadership and the adoption of an ambitious programme for trade union integration. The Stekelenburg-report for a more efficient ETUC, adopted in 1990, proposed profound changes in ETUC organisation, and the coalition of federalist national unions won Congress support for transforming the ETUC into a genuine trade union confederation with capacity to conduct European collective bargaining. The European industry committees were adopted as ETUC members; the Secretariat was promised increased resources and powers; and the revised Steering Committee of national leaders was envisaged an important role in ETUC policy-formation, alongside a restructuring of ETUC decision-making and committees. The renewed momentum of ETUC integration was further kindled by the surprising 31 October 1991 agreement and the Maastricht Social Agreement (cf. chapter 8), which seemed to make a reality of the 1991 Congress visions of European collective bargaining and a 'social Europe'.

In the excited atmosphere of the 1991 Congress, however, operationalisation of the ETUC reforms was delegated to the Executive Committee, and the critical views of the minority of less "Euro-enthusiastic" member organisations were overlooked. The eagerness of the majority constellation to move ahead towards a supranationalisation of the ETUC meant a deviation from the ETUC legacy of consensual decision-making. The scepticism among several affiliates at this way of "forging" integration was reinforced by the "fait en avance" approach of the Secretariat and the narrow ETUC circles that negotiated the 31 October agreement. Heralded as a watershed of ETUC integration, its incorporation into the MSA fuelled membership scepticism, most pronounced among Nordic and German trade unions. The German confederation, DGB – the largest and most powerful ETUC affiliate – had been pivotal in brokering the change of leadership before the 1991 Congress, but when its member unions learnt of the corporatist MSA concept of "negotiated legislation", the DGB turned to outright opposition in order to regain control. An internal struggle over the further path of trade union Europeanisation was unleashed, revealing the contested character of ETUC integration and the widespread diversity of views among the ETUC membership.

*The strategy debate on European collective bargaining*

During the so-called "strategy debate" on European collective bargaining during 1992-93 (cf. chapter 9), the legitimacy and mandate of those who had signed the 31 October agreement

were questioned. The German and Nordic unions made it abundantly clear that national collective bargaining should remain the cornerstone of trade unionism. To the extent that European negotiations were necessary, the German unions insisted on the primacy of (co-ordination at) the sectoral level and doubted the feasibility of "negotiated legislation" by the ETUC, whose mandate would have to be explicitly granted on a case-by-case basis. Also the Nordic unions questioned the viability of negotiations between the European social partners. Indirectly calling for ETUC "Glasnost", they demanded an overhaul of the statutes to ensure proper democratic supervision of mandates, decision-making and ratification of possible European agreements to make sure that they did not impinge on the bargaining sovereignty of national affiliates. After more than one year of intensive debate and power struggle, a compromise was struck.

The 1993 compromise on European collective bargaining meant a strategic clarification of the further basis for ETUC policies and path of integration. It confirmed:

- (1) a clear limitation of the scope for supranationalisation of ETUC policies and structures;
- (2) a strong emphasis on the trade union principle of subsidiarity, according to which European policies should supplement and provide "added value" to national policies by addressing genuinely cross-border issues;
- (3) a preference for Europeanisation of collective bargaining through transnational co-ordination of national negotiations and bottom-up buildup of independent union counter-force from the company and sectoral levels;
- (4) "negotiated legislation" at the central level as a possible means to ensure framework minimum standards, though with limited potentials owing to the dependency on Community legislation.

The bottom-line was that national actors retained their predominant role, while the latitude for autonomous action by the integrationist ETUC Secretariat became restricted. No European negotiations could be pursued without the explicit consent of the affiliates; clear-cut procedures for mandating and ratification of eventual agreements were to be worked out. Rather than a centralisation of policies and authority within the ETUC, a multi-tiered pattern of European trade union integration was evolving under strict control of the constituent national entities.

This ETUC compromise on European collective bargaining had ambiguous implications:

- (1) it represented a step backwards, compared to the "supranationalist" agenda of the 1991 Congress and a consolidation of the "intergovernmentalist" features of ETUC integration;
- (2) it signalled a demarcation against the predominant political modus of trade unionism at European level and a call for autonomous buildup of trade union strength, more similar to national forms of trade unionism; and
- (3) it brought stronger affiliate involvement and greater priority to European issues. Hence, the premises of ETUC debates were changed significantly.

The *aim* of Europeanising collective bargaining was no longer a matter for discussion: the central question was *how* and *under what conditions* this could be achieved in a way compatible with national legacies. By pulling reluctant affiliates into this discourse and involving broader circles of national unions, a learning process evolved which brought increased coherence, seriousness and realism into the process of ETUC integration. Awareness of the risks and the difficulties of coping with national diversity was heightened, and a more critical understanding of the new institutional frameworks of EU social policy evolved. Equally important was the growing realisation that a more solid institutional and democratic foundation was required for ETUC decision-making and procedures for interest accommodation. As argued in chapter 13, the process could be interpreted as a turn from "Euro-idealism" towards a more pragmatic "Euro-realist" approach associated with a shift of weight of power relations inside the ETUC. The integrationist coalition, most markedly represented by the ETUC Secretariat and a group of Southern and Benelux confederations, had lost ground, while a more pragmatic (issue)-coalition of unions from Germany, the Nordic countries and several of the European industry committees had regained influence over ETUC developments.

#### *Implementation, policy-adjustment and institution-building*

Subsequent efforts to transform the ETUC strategy into practice (cf. chapters 10 and 11) have involved several adjustments of ETUC policy, however. First, nothing as yet has come of the ambition to develop independent European collective bargaining, mainly because the employer side has refused to take part, but also because national affiliates at both sectoral and confederal levels have been reluctant and have lacked capacity. Second, the Europeanisation of trade union policies that has actually developed has conformed with the politically-contingent form of "negotiated legislation" at central level and "negotiated implementation of EU legislation" at the European company level. Third, the failed experiment with European negotiations on EWCs, voluntarily orchestrated by the ETUC Secretariat, acted to reinforce demands for institutional reform in the ETUC.

The struggle over the establishment of an ETUC "bargaining order" in 1995–96 (cf. chapter 11) rekindled earlier tensions between adherents of a confederal and a sectoral mode of European trade union integration. The ETUC Secretariat, this time supported by confederations of the Southern, Nordic and British unions, wanted stronger central co-ordination of European negotiations under ETUC command, whereas the European industry federations could count on support from the German confederation in their demand for autonomy and greater latitude for sectoral negotiations. Again, a compromise was struck, with important implications for the further path of trade union integration:

- (1) A revision of the ETUC statutes at the 1995 Congress and the eventual adoption of binding guidelines for its operationalisation meant that mandating and other questions concerning European negotiations would be decided by qualified majority voting, implying a certain supranationalisation of ETUC decision-making.

(2) The supreme authority to decide whether an issue should be dealt with through legislation or negotiations at the cross-sectoral level and to which extent supplementary sectoral negotiations should be allowed was now vested in the ETUC Executive Committee. On the one hand, this strengthened vertical integration of ETUC policy formation and a clearer demarcation of responsibilities between the confederal and sectoral levels. On the other hand, it ensured the sectoral EIFs a central role in deciding whether issues were of cross-sectoral nature, and confirmed the autonomy of the EIFs in handling sectoral issues.

(3) There was a clarification of procedures for mandating, appointment of a bargaining delegation, formulation of claims and ratification of eventual agreements; this improved the transparency and democratic accountability of ETUC decision-making. This has in turn,

(4), required institutional reforms at national level in order to organise mandating, ratification and implementation of European agreements, whereby more close links between the development of European and national union policies have been created.

These institutional changes have strengthened the binding nature of ETUC co-operation and have abolished the former practice of a tacit veto-right in issues of crucial importance for national affiliates. This effect was highlighted by the decision to initiate negotiations on part-time work and the eventual adoption of the agreement against the votes of the German confederation, which had been accustomed to enjoying implicit veto-power within the ETUC. To judge from the limited experience so far, it would seem that these changes can be expected to enhance more active involvement of affiliates in interest intermediation and coalition-building inside the ETUC in order to secure influence on policy formation. Thus, the dual impact of qualified majority voting and clarification of the constituent units' control of ETUC decision-making has, paradoxically, strengthened membership confidence in ETUC policy and induced once-reluctant national affiliates to accept a degree of Europeanisation hardly conceivable a few years ago. Take the case of the Nordic confederations: Having virtually rejected the concept of European negotiations in 1992, they came to play a central role in establishing the ETUC "bargaining order", and have subsequently served as active supporters of "negotiated European legislation", partly motivated by the desire to prevent European legal intrusion into national systems of collective bargaining. Thus, the process of ETUC integration has underscored the growing interaction between European and national union policies. Cautious moves towards deepened integration have been enhanced by initiatives to secure national control of events, while a central reason for the affiliates' acceptance of further integration has been their desire to protect national institutions and interests.

#### *Organisational and political developments*

As described in chapter 12, the process of ETUC integration has been accompanied by considerable growth in ETUC membership. Over the past decade, admission of formerly Communist confederations from the Southern countries and of several white-collar confederations have contributed to increase the ETUC's representative monopoly among West European trade

unions. The French CGT is the only blue-collar confederation of any significance in Western Europe to remain outside the ETUC; and the blockage of CGT membership by other French unions is expected to end soon. Moreover, in 1996 the ETUC opened a new front of organisational growth, by affiliating the first group of confederations from Central and Eastern Europe. This steady territorial and occupational expansion of ETUC membership has accentuated potentially important obstacles to further ETUC integration, however. Combined with the expanding scope of EU integration, the gap seems to be widening between membership expectations of ETUC activity and its constrained organisational capacity. While the sparse resources provided by the affiliates have increased ETUC reliance on projects that can be funded by the Commission, the growing diversity of membership is likely to increase the difficulties of arriving at common conceptions of political priorities and the sharing of burdens and benefits of ETUC work.

As demonstrated by the 1995 ETUC Congress (cf. chapter 12), the limited impact of ETUC policies has pointed up the divergence of views on EU integration among the membership. While the recent inclusion of Sweden and Finland in the EU has strengthened ETUC cohesion in the field of social and labour market policy, it has reinforced ETUC disagreement on key questions concerning the democratic accountability of the EU and its role in fiscal and welfare policies. While the Continental unions regard a federal deepening of the Community as indispensable to redress its social and democratic deficits, the Nordic and British unions of the former EFTA countries (with the possible exception of Finland) tend to be sceptical of further supranationalisation. This is also reflected in divergent priorities with respect to Eastward widening of the EU. Insofar as such historically rooted divisions tend to correlate with the nationality of aspiring "ins" and "outs" of the Euro-currency, they may reinforce tension between unions of the North and South and between unions of the EU core and periphery, and may possibly provide the basis for a more differentiated pattern of ETUC integration in the future.

#### *Implications for national trade unions*

A key motive behind efforts at trade union Europeanisation has been to prevent the undermining of national trade unionism predicted by "Euro-pessimistic" scholars (Streeck 1991). While trade unions have gained less than they hoped at European level, it seems that they have lost less than they feared at the national level. As discussed in chapter 13, there is no evidence of a reinforced or uni-directional decline in union density or coverage of collective bargaining in the 1990s, although the bargaining clout of unions has been weakened, as indicated by the convergence towards reduced wage growth. In contrast to the expected general decline of centralised trade unions, however, national confederations in several countries have been central actors behind the resurgence of corporatist concertation. Such tendencies do not mean that the weakening of trade unions has been offset, but suggest that the institutional embeddedness of national unionism is more robust than almost universally assumed in recent years.



While this thesis has focused mainly on "upstream" Europeanisation of union policies, an important aspect of the integration project which deserves further research is the "downstream" implications of the integration process for national trade union policies. The single market and the EMU programme have brought some convergence of the problems facing national unions.

Although this has caused a diversity of responses, we can note a certain tendency toward horizontal imitation and learning within the ETUC frameworks. First, the spread of national attempts to revive centralised concertation has been encouraged by union co-operation at the European level. Second, a clear instance of national unions trying to pick up ideas that can be planted into national contexts can be seen in the efforts of the British TUC to modernise domestic institutions by importing elements from Continental industrial relations, such as workers' participation and statutory foundation of workers' rights. In the case of the EMB and IG Chemie, such aims have been promoted by developing bilateral programmes for training, personnel exchange, information on bargaining, etc. Third, a notable feature of most national unions in recent years has been a protracted process of union "modernisation", associated with greater emphasis on matters like training, supply-side issues, new employee demands for reorganisation of work and family life, alongside reforms and mergers of organisational structures (see Transfer 1995 1:1, Leisink et al. 1996). To a varying degree, we can also trace an increasingly pragmatic union approach to the presumed need for budgetary consolidation, welfare and labour market reform, working-time flexibility and monetary stabilisation, in line with contemporary paradigms of economic thought.

The reasons for such changes are highly complex, but the European trade union arenas – and lately the EWCs – have clearly served an important function in intensifying exchange of ideas, experience, information and learning, underpinned by the creation of joint ETUC education and training programmes. Through such mechanisms, influences from the European level seem to have filtered down to national unions and contributed to a certain Europeanisation of the perceptions and conceptualisation of current problems among many national unions. Although this is a two-way process, where national experiences are also disseminated to other national unions via the European level, the influence would appear stronger "downstream" than "upstream". However, the European influence has not changed the picture of persistent institutional diversity of trade unionism in Europe, a factor which fundamentally conditions and shapes the pattern of union integration.

### *Summary and conclusions*

To sum up, then, the empirical evidence reviewed above shows that notable steps have been taken towards integration of European trade union policies in recent years. The ETUC has grown in size and strength and has undergone a significant transformation, characterised above all by the institutionalisation of more binding forms of co-operation, more efficient decision-making, and greater affiliate compliance with adopted policies. No longer can the ETUC be perceived as "a head without a body". The credibility and legitimacy of the ETUC

have been improved both among the membership and in the broader European public. Initiatives have been taken to establish arenas for joint training and fostering of identification with common courses at the European level; a growing network of trade unionists have become involved in cross-border exchange of experience and information at a multitude of levels.

Judged against the “Euro-pessimistic” analysis, the process has come further than might have been expected, but it still falls short of what would be required to establish real union counter-force at the supranational European level. Thus, the Europeanisation of trade unions has not fulfilled “Euro-optimistic” expectations. The lack of cross-border conflictual capacity means that the clout of the European structures has remained weak, and the political mode of European-level unionism exhibits only a limited resemblance to its national forerunners.

An important element of the integration process has been the development of more professional and effective leadership within the ETUC Secretariat, a move which has bolstered membership trust and improved the internal prestige of the organisation. The previous “Euro-idealist” tendencies of the ETUC Secretariat have been replaced by a more pragmatic “Euro-realistic” approach, consolidating ETUC integration on a path more marked by limited “intergovernmentalist” pooling of competences than by transfer of authority to “supranational” agencies.

In the evolving multi-tiered form of trade union integration, the national level has remained the primary locus of trade union power and action, though increasingly embedded in European frameworks of co-operation. Despite signs of growing vertical co-ordination, the dominant rationale has been to promote horizontal co-ordination on a transnational basis in order to protect national institutions against “regime competition”. And so far, national union institutions have shown significant robustness and adaptability. As to the national unions, their approach to Europeanisation of trade union policy has remained marked by ambiguity and persistent division of views on key issues of European integration. Torn between the desire to gain influence on EU policies and growing opposition among their domestic constituencies against the results of these policies, the national unions have found trade union integration a difficult balancing act indeed – and so it is likely to remain.

### *The soccer metaphor revisited*

Returning to the soccer metaphor used in chapter 1 to describe the challenge of European trade unions in the mid-1980s, we can describe the situation a decade later in the following way:

The once hastily cobbled together European team of labour players has still highly different technical, physical and tactical skills, but they have gradually developed a common style of play. They still carry with them a diversity of national cultures, identities and perceptions of the game (...), but they have increasingly assembled around a collectively accepted and experienced Italian captain with authority and skill to organise the players. The well-prepared opposing side still insists on the ten-doubling of the pitch size, but has accepted modifications of the style of American football it originally applied. The referee has slowly attained authority to judge and clarify the rules of

the game, but still the central labour players are obliged to stay within restricted individual parts of the field, even though the EWC-wings have been granted a slightly extended room of manoeuvre.

Thus, a dual game of substantial and constitutive struggle has unfolded. The labour side has slowly improved its skill in co-ordinating the movements, passes and timing of its stationary and separated players, but still rely on the uneven ability of the individual players to contain employer attacks in their domain of the field. The persistent rationale of labour's collective and individual efforts has indeed been (1) defensively to compensate for the superior mobility of the counterpart and aim for a draw, but some modest progress has also been achieved in (2) the efforts at convincing the opposing side and the referee that the unequal conditions are ruining the quality and attractiveness of the game (...), and that a compromise on new and common rules (...) is required to improve the game to the satisfaction of both participants and the public.

The former Latin star players and British goal-getters have eventually been joined by other team mates, even the timid Nordics, in perceiving the international opportunities as attractive and potentially important for their domestic reputation. Thus, the tendencies of anomie and fragmentation of the labour side have gradually been replaced by greater commitment and coherence. Despite deteriorating shape among certain key national players, younger players from smaller countries have taken promising initiatives and the labour team has slowly learned to adjust its style of playing to the new conditions in a way that, to the surprise of many spectators, has hindered an easy victory of the fit but somewhat disorganised opposing side. After a few quick and easy employer goals, clever tactics, brilliant Latin technique and perhaps a little help from the referee enabled the labour side to create chances and even score an important goal. Combined with ensuing adjustments of the rules, this has implied a certain re-balancing of the game and a reconsideration of employer tactics, even though examples of rough play and dirty tackles still excite the spectators and the supporters of the respective sides.

Thus, several labour players are still longing back to their past glory as national champions. They concentrate on their individual performance and efforts at keeping the ball out of their domain while showing limited imagination and capacity to engage in construction of a feasible offensive play. Despite improved team identification and clarification of the strategy and division of responsibilities, the diversity of language, culture and perceptions of the game continues to complicate communication and mutual understanding. The new framework of European rules has evidently affected the national players in different ways and has repeatedly caused confusion and disagreement over how to proceed. The greater unity of the labour side has not been accompanied by an upward convergence of capacity and skills, but is marked by a persistently colourful blend of national playing styles. At this still-early stage of the game, the prospects that the labour side can equalise and turn the match into their path look bleak. Still, since the labour side has coped better than most observers would have expected, it cannot be ruled out that adjustment of tactic and greater efforts of each player can enable an unforeseen development of the game in the second half. As the match has evolved, much is likely to hinge on the willingness of the referee to crack down on the anarchic style and exploitation of the unclear offside-rules of the wilder horses in the employer team, so far preventing the individual skills and potential collective superiority of the labour team from blossoming.

## 14.4 Accounting for ETUC integration – review of analytical conclusions

### 14.4.1 The puzzle

When we consider the entrenched legacies of national unionism and the structural and political constraints of European integration, the process of trade union Europeanisation over the last decade represents a puzzle (Martin and Ross 1998b: 5). How can it be accounted for, why did it take the form it did, and what are the implications for future Europeanisation of trade unions?

These are the questions to be addressed in this final section, which reviews the changing *external* conditions and determinants of trade union Europeanisation (section 14.4.2); the *internal* dynamics and constraints of ETUC integration (section 14.4.3); the implications of my study for *integration theory* (section 14.4.4); and the contested relationship between union-building and state-formation at European level (14.4.5).

### 14.4.2 External determinants of ETUC integration

#### *Functional pressures and political restructuring*

First, as the historical and empirical account of the study has shown, the basic reason motivating efforts at trade union Europeanisation from the 1950s has been the strategic perception that trade unions must expand their range of action apace with the extension of the markets where they operate. At every cross-road of European integration – from the establishment of the Coal and Steel Union, via the Common Market, the Single European Act and the Maastricht reforms – the principal argument for Europeanisation of union policies has been the need to offset the threat of undercutting social competition and employer “whip-saw” policies. Thus, an important factor has been the structural and functional pressures stemming from “the challenge” of European economic integration. This has been compounded by the perception that market integration would undermine the political capacity of national states and unions, thus requiring re-establishment of regulatory capacity at the transnational level. Such long-term functional imperatives may have been necessary conditions, but they have not been sufficient to motivate European trade union integration. Although there has been a continuous integration of West European economies and markets underway since the 1950s, trade unions have become increasingly entrenched in the nation-states and efforts at union integration have been step-wise and slow in coming.

Second, we have seen that the main trigger of integrative union efforts has been the anticipation of political leaps of European integration. Since the first initiatives towards union integration were prompted by foundation of the ECSC in the 1950s, all significant re-organisations of union co-operation have occurred at moments of major changes in Community political integration. The foundation of the ETUC came as a response to the revival of EC inte-

gration and the inclusion of several EFTA countries in the early 1970s. The SEA and the Southern enlargement of the 1980s gave renewed impetus to ETUC integration, culminating with the 1991 ETUC Congress's anticipation of a new leap towards Political Union, EMU and enlargement. This conforms with the assumption presented in chapter 2, that shifts in the structure and geographical locus of institutionalised power are likely to be accompanied by changes in the structure and locus of mass politics; that is, "to the extent that European integration results in the replacement, or more likely, the decline in the importance of the nation-state as the exclusive seat of formal political power, we can expect attendant changes in those forms of interest aggregation/articulation historically linked to the nation-state" (Marks and McAdam 1996: 96). Here, however, we should also note that what has triggered the main initiatives towards union Europeanisation has been the *anticipation* of such shifts of political power, while the subsequent disappointment of these expectations has led, over and over again, to a vanishing of the integrative momentum. Thus, the long-term, partial transfer of political authority to European level has failed to be a *sufficient* condition for sustaining the process of union integration.

#### *Asymmetric integration and the logic of influence*

Third, a related lesson to be drawn from this account is that the dynamics of union integration have been critically contingent on the specific character of the shift of political power. At all major cross-roads of European integration, the trade unions have expected a buildup of Community authority in the realm of social and employment policy. As these expectations have not been fulfilled, union interest has dampened. What I termed "the hurdles" rooted in the asymmetric mode of integration have acted to discourage union integration. An important difference between the 1990s and earlier periods, however, was that the Maastricht reforms provided some substance and institutional basis for European trade unions to sustain their striving toward integration, thereby confirming the importance of the specific political "opportunity structure" of unions at European level. By institutionalising privileged union access to European policy-making institutions, and the Commission in particular, on "issues salient to the group", the MSA provided a firmer structural foundation for ETUC integration.

Fourth, due to the skewed European "opportunity structure" of the ETUC, incentives for further Europeanisation have been partial and ambiguous. The ETUC has gradually gained access to the social policy area where EU powers have been weak and the decisive authority has been located with the nation-states, but the decisive field of EU economic governance has remained insulated against access of social interest groups. Historically, this has meant that the unions have had strong incentives to continue concentrating on national policy arenas, a fact reinforced by the refusal of employers to establish as autonomous interlocutors at European level. Thus, the unions' traditional reluctance to invest significant resources in developing a European structure and transferring authority to it may reflect reasoned strategic judgements about how to out diminishing resources to most reliable and effective use (Martin and Ross 1998a: 3). In line with the assumed "logic of influence", ETUC integration

has therefore been restrained, and has concentrated on influencing EU social policy. Authority has mainly been delegated to the extent necessary to make the most of the social dialogue opportunities, and resource transfers have been kept to the minimum required for this kind of political union representation at the European level. The weak "pull-forces" of European integration have thus only partly been sufficient to overcome the obstacles to ETUC integration caused by the diversity of interests, strength and institutions of the various affiliates.

*European institutional support, power resources and path-dependencies*

The puzzle, then, is why ETUC integration has still managed to make as much progress as it has in recent years. My account indicates that much of the answer lies in the initiatives and support of European political institutions, principally the Commission.

While the ETUC has long been faced with a considerable problem of "collective action" (cf. sections 4.5 and 6.6), European institutions have since the mid-1980s provided "significant incentives to European unions to recalculate their strategic interests in the direction of further Europeanization" (Martin and Ross 1998a: 4). By providing political and financial support for building up European trade union institutions and inviting the ETUC to become a privileged actor in the Commission networks and social-dimension strategy, the Commission has encouraged the establishment of firmer union structures at the European level, as well as the involvement of broader circles of unionists in European policies. This was most conspicuously illustrated in the process that led up to the 31 October agreement and the MSA, which, in my view, accords well with the neo-institutionalist argument that European institution-building sometimes create pressures and scope for political construction of "spill-over" by autonomous initiatives of supranational actors (Pierson 1995).

In the ETUC, the "fuit-en-avant" tactics of the "supranational" Secretariat contributed to an institutional solution that not only influenced the outcome of the Maastricht IGC, but acted to pull reluctant affiliates and the employer counterparts into a development with "path-dependent" traits. Eventually, unforeseen consequences of practising the new institutional procedures prompted organisational reforms (the "bargaining order") which have led to further integration and influenced the affiliates' preferences and confidence in European negotiations.

A further spin-off from this process was the EWC-directive which, despite its loopholes, has encouraged transnational union integration at Euro-company level. Strict calculation of national economic interests would indicate that several member-state governments should neither have signed the MSA, nor accepted to use it, but political commitments apparently influenced them to do so, which in turn suggests that EU policies cannot be reduced to a matter of intergovernmental exchange of interests based on pre-given preferences. Thus, political-institutional mechanisms have facilitated a certain mobilisation of political power-resources behind the European social-dimension coalition which has benefited the ETUC in several ways. For example, the ETUC role as "gatekeeper" to the Commission networks and

project funds has heightened its political status and practical importance for affiliates in financing union activities. However, as discussed further in section 14.4.5, the European institutional support may have come at some expense to European unions.

Altogether, the points above underscore that much of the emerging European trade union integration has been encouraged and shaped by the evolving multi-tiered regime of Community social policy, marked by a limited pooling of union competences in the narrow areas where the Community has authority to regulate. This shows that the Europeanisation of unionism has been less influenced by the logic of market integration than by the protracted process of political integration and institution-building at European level. Returning to my analytical framework, this then implies that the “challenge” of European integration has represented an important but insufficient motivating force; the structural “hurdles” and asymmetry of Community integration have caused severe restraints; while the driving forces of ETUC integration have been motivated by the “opportunities” provided by the political actors and institutions of the Community social dimension.

However, although deliberate political action and institutional mechanisms have enabled a certain political-resource mobilisation on behalf of the social dimension coalition, these resources have been vastly inferior to the political capital which member-state governments have vested in the European institutions of economic governance and market-making. A fundamental reason for the modest progress of ETUC integration has thus been that organised labour has lacked the necessary power resources to influence the strategic parameters of European integration. As argued by “Euro-pessimistic” scholars, the encapsulated corporatist institutions of EU social policy have remained at the fringe of the broader trajectory of European integration, precluding ETUC participation in more encompassing political exchange. Changing this situation would – owing to the predominantly intergovernmental character of EU integration – require a strengthening of the capacity of national unions to influence the European policies of their respective governments in a co-ordinated manner.

#### **14.4.3 Internal determinants of ETUC integration**

The development of the ETUC cannot, of course, be accounted for by the changing configuration of European integration alone. The dynamics of change have evolved from the confluence of external change and *internal* transformation of actor perceptions and constellations. The central internal reason has been the growing conviction of many national unionists and key actors of the ETUC Secretariat that strengthened organisational capacity at the European level is essential for both functional and ideological reasons. The external changes of European integration have generated challenges and incentives, but the actual form and dynamics of European trade union integration can only be explained by taking account of the specific organisational characteristics of the ETUC as a collective actor. As pointed out by Ebbinghaus and Visser (1994: 4), trade union efforts at developing “borderless solidarity” have been contingent on their capacity “to overcome the conundrum of cross-national diversity and to solve the quandary of supranational associability”.

*Membership diversity and the protection of national institutions*

In practice, the "logic of membership" has restrained efforts to promote more profound integration, which would have been required to develop conflict power and collective bargaining at European level. The constituent entities have protected their sovereignty and been reserved against any European moves that could intrude into the core domains of national industrial relations, or disturb domestic power relations. At the same time, the divergence in union traditions, interests and capacity for involvement in European action has complicated the development of common European strategies. The particular interplay between external and internal factors has thus tended to reproduce the predominantly political type of European-level unionism which is less consequential for national affiliates.

As a two-pillared coalition of independent national confederations and European industry federations (themselves being coalitions of national unions), the ETUC itself has had no autonomous authority to initiate European action or influence the affiliates' policies. The task of union integration has thus mirrored that of the European Community, so that any move towards more binding co-operation has required consensus among all member organisations. Power has therefore remained with the constituent entities, and ETUC integration has relied on their explicit and unanimous consent to upwards delegation of authority. My account has amply confirmed how the difficulties of resolving this task have restrained and shaped the evolution of ETUC integration. The challenge of reconciling "unity and diversity" and "efficiency and legitimacy" (Traxler and Schmitter 1994) has underpinned the "collective action" problem of European trade unions, which has originated both from the growing interdependency of common and competing union interests, and from the diverse ideas and perceptions of European integration. As emphasised, the interests of stronger unions from the richer countries have not been easily compatible with those of weaker unions from the poorer countries. Interest in common European action has often been in inverse proportion to the national strength of unions, so that the keenest advocates of Europeanisation have often been the least capable, and the other way around. The likely asymmetrical distribution of benefits and burdens of unification, at least in the short term, has further accentuated the difficulty of developing shared conceptions of European strategies.

Combined with differences in national institutions and ideological legacies, as well as the cultural and lingual obstacles, the problem of fostering collective identification and confidence in European trade union institutions has therefore been significant. Moreover, the challenges of European-level trade unionism have been qualitatively different from those facing trade unions at the national level. While the integration of trade unions at the national level evolved through immediate class-struggle and industrial action, the challenge at the European level – in the absence of viable employer interlocutors – has been to promote the establishment of regulatory institutions of industrial relations by political means – that is, the development of "structure before action" (Turner 1995).



*The changing configuration of actors, institutions and leadership*

As suggested in the introduction, *leadership* has been a critical condition for the ability of the ETUC to overcome its problem of collective action. From the outset, the ETUC has suffered from an authority vacuum at the centre. The largest and most powerful member confederations – the German DGB and the British TUC – were loose umbrella associations with very limited domestic authority and fundamentally conflicting views on European integration. Unlike the situation within the Community, where the French-German axis has secured a certain stability, there has been no pioneer-organisation that could take the lead and ensure consistency of ETUC integration. Accordingly, internal interest intermediation, power relations and coalition-building have been volatile and unpredictable. This has shaped ETUC development also during the recent phase of strengthened integration.

The renewed impetus to ETUC integration from the late 1980s was, as mentioned, prompted by internal coalition-building in which integrationist forces of Southern and Benelux unions were joined by the German DGB. With a new and more professional leadership installed in the ETUC Secretariat, a constellation more conducive to change was created. At the same time, the TUC about-face, from opposition to support of European integration, meant that the countervailing forces were weakened. Changes in the broader environment of Community integration, associated with enlargement and the active support of the Commission, facilitated this process. Access to the Commission power circles improved the ability of the “supranational” Secretariat to shape the ETUC agenda. And, as noted, with the MSA institutionalisation of the ETUC’s central role in EU policy-formation, the strategic position of the Secretariat as “gatekeeper” to EU arenas bolstered its internal authority and paved the way for further organisational reform.

However, the unstable configuration of actors and authority in the ETUC meant that the Secretariat’s attempts to proceed with further “supranationalisation” were offset by the DGB turn to a coalition with the “Euro-sceptical” Nordic associations when the internal reforms were to be operationalised. This acted to reinforce the predominantly intergovernmentalist nature of ETUC integration, however within new organisational frameworks marked by a more binding and coherent mode of co-operation with certain “supranational” traits. Thus, the proactive initiatives of integrationist forces, coalescing at supranational arenas, created institutional changes that came to alter the basis for further ETUC integration. Rather than resolving the “quandary of supranational associability”, this has implied a fragile compromise between the desire to preserve national institutions, the perceived need to pool competences at the transnational level, and the growing conviction of the paramount need for cross-border labour solidarity.

Accordingly, the ETUC is a “difficult animal” to compartmentalise in pre-determined categories. As a quite open, multi-tiered structure, its powers and coalitions have fluctuated, and shifting external and internal conditions have occasionally enabled swift policy changes. Due to horizontally changing constellations (between national actors), initiative and authority have at times moved upwards, allowing integrative leaps (“supranationalisation”), like the

1991 Congress, which in turn have often triggered downward counter-reactions ("re-nationalisation"). It seems reasonable to assume that it is through precisely such dialectical processes that further developments will be shaped and reshaped. In terms of concepts of *organisational theory*, a description of the ETUC processes of decision-making and institutionalisation thus fits better with the "garbage-can" model (Cohen, March and Olsen 1972) or "muddling-through" (Lindblom 1958), than any stringent pursuit of well-defined strategic interests. This does not mean that purposeful action and strategic leadership are not possible: but the imaginative capacity to interpret, utilise and create external and internal conditions conducive to change becomes even more crucial to avoid "joint decision-traps" (Scharpf 1988). There does indeed exist scope for strategic leadership, in recent years skilfully exploited by the new Secretariat, but, due to institutional constraints, external triggers will have to be strong to overcome affiliate inertia and diversity. The locus of initiative will most likely continue to oscillate between the European and national level, apace with shifting membership-coalitions and the ebbs and flows of EU political integration.

A central question for the future is, accordingly, how the organisational enlargement will influence the internal dynamics of the ETUC. The Eastward and Nordic enlargement of the EU will add to the diversity of interests and views on European policies, and may accentuate tension between ETUC affiliates of the South, East and North. What remains to be seen is whether this will mean that the ETUC enters a period of slowed-down integration, consolidation, or growing differentiation, in line with a multi-speed concept of integration.

An important element of changes in the ETUC has been the evolution of learning, and a growing identification with common European interests among broader circles of national unionists. European-level institutional reforms have encouraged more active involvement of national unionists, stimulating the exchange of information and experiences concerning national industrial relations and European policies. When the stakes were raised, and European co-operation began to touch on central issues of national trade unionism, a more serious accommodation of views and interests was required, thus heightening awareness of the need to cope with the "conundrum of diversity" in a credible way. Common institutions have been established for training and research, a move that has further enhanced the evolution of tighter transnational networks of unionists conducive to the long-term ETUC aim of creating a European trade union culture and identity. Even now, the possible contours of a still embryonic European trade union "public space" can be traced.

Thus, my account lends support to the view that instances of European institution-building tend to encourage changes in actor behaviour and preferences that increase the propensity to support further integration, in line with the concept of "path-dependent" development. Commitments made by national union leaders and the gradual development of trust and mutual obligations have underpinned what the ETUC general secretary, Emilio Gabaglio, has characterised as "a significant evolution of minds" among national ETUC participants. On the other hand, besides the increased diversity of union cultures flowing from the Eastward enlargement of the ETUC, the dual set of loyalties and commitments stemming from the two-

tiered pattern of ETUC integration indicates that, also in the future, the process will be marked by a step-wise, volatile and uneven development.

*Redrawing boundaries of solidarity?*

I suggested in the introduction that the development of transnational union organisations would raise touchy questions involving redefinitions of the boundaries of union solidarity and the rationale for common action on a European scale. As Weber originally pointed out, interest organisations tend to control and protect their identity, solidarity and rewards by mechanisms of social closure, usually built up through long historical processes.

My account suggests that the process of union Europeanisation cannot be captured by the concept of "mechanical solidarity" (Durkheim 1893). The awareness of growing union interdependency might suggest that a more suitable concept would be the evolution of transnational "organic solidarity", but the separateness and social distance between unionists of different countries render such a term inadequate (except perhaps in the case of union co-operation in transnational companies). The logic of ETUC integration seems to fit better with the instrumental concept of "Zweck-rationalität" (Weber 1922), while the devotion to national institutions and legacies of unionism suggests that "Wert-rationalität" has prevailed as an important determinant of national union behaviour. Still, central forces of the ETUC have been guided by a strong commitment to the idea of European unification and international labour solidarity, which suggests that the fostering of community in the ETUC is distinguished by a complex accommodation of conflicting values and interests. Even though ETUC integration has been influenced by a desire to consolidate existing national systems and has not implied any substantial redrawing of the boundaries of social closure, there have been signs of a contested deliberation and reinterpretation of their appropriateness. The emergence of more dense networks and interaction between union actors with different origin has clearly contributed to trust-building and understanding across traditional cleavages. It can thus be argued that the contours of a more articulated and multi-layered set of identifications and demarcations of inclusion and exclusion have been evolving within the ETUC. In consequence, whereas it might be suggested that the Europeanisation of unions has been marked by an instrumental interest in preserving national values, implying a paradoxical amalgamation of "Zweck-rationalität" and "Wert-rationalität", such a picture is cross-cut by the converse distinction between "Euro-idealist" and "Euro-pragmatist" forces that has marked the ETUC ever since its inception (Gobin 1996).

This compounds the challenge of fostering community and creating a unifying vision of ETUC integration. Richard Hyman has suggested that "to remain significant agents of employment regulation, unions must redefine utopias at transnational level – while at the same time winning membership comprehension and enthusiasm for such ambitions. The ideal of a social Europe – rescued from its current evasive obfuscations and given concrete, intelligible meaning – could be a starting point" (Hyman 1996a: 87). Whereas the ETUC still seems far from a shared perception of transnational utopias, the idea of a social Europe has won grow-

ing support. Yet, the task of developing a common, intelligible strategy for how to get there and how to win the enthusiasm of the memberships, is far from accomplished. However, as once pointed out by Weber: "Not ideas, but material and ideal interests, directly govern men's conduct. Yet very frequently the 'world images' that have been created by 'ideas' have, like switchmen, defined the tracks along which action has been pushed by the dynamics of interests (Weber 1922, in Ebbinghaus 1996: 28). Still, transforming deep-seated legacies and identities of national organisations can arguably be said to involve processes of a different and more long-term kind than the past decade's efforts at union integration, so it may be premature to judge whether the strategic attempts of ETUC policy-formation and institution-building will encourage a redrawing of the boundaries of collective union identities in the future.

#### 14.4.4 Implications for integration theory

Except for the "neo-functionalist" approach, integration theories have usually focused on public/state actors and paid limited attention to the role of civil society organisations in European integration. Although integration theory has not been a central concern of my study, I will in this section review a few points concerning the general implications of my account for integration theory.

First, in contrast to early *neo-functionalist* theory (cf. Haas 1958), my account has not given support to expectations of any kind of automatic "spill-over" from market integration to the area of social policy or trade union integration. Both the Commission quest for social integration and recent efforts at ETUC integration have been triggered by the installation of the single market regime and the prospect of EMU, but to the extent that obstacles to such "spill-over" have been overcome, this has been the result of deliberate political action and institutional design.

Second, in line with *intergovernmentalist* theory of integration (cf. Moravcsik 1991, 1993), my account has confirmed that national interests have continued to play a prominent role in shaping ETUC integration as well as EU social policy. However, important instances of change, leading to and flowing from the MSA, cannot adequately be explained by such "inter-governmental" dynamics. Influenced by previous institution-building and purposeful political intervention of "supranational" actors, these changes rather lend support to a *historical-institutionalist* interpretation (cf. Pierson 1995). Not only have strategic responses of the actors been influenced by anticipated institutional reforms at European level, these reforms, in turn, have prompted changes in perceptions, strategies and institutions of the actors. Related approaches to the study of European governance and interest intermediation grounded in network-theory have also proved useful for understanding the dynamics of the complex relations between Community institutions and the social partners in the formation of EU social policy (cf. Greenwood et al. 1992).

Third, my account has shown that the *political-economy* approach applied in much "Euro-pessimistic" analysis (cf. Streeck 1993) can capture important determinants and structural constraints of European social policy and, hence, of ETUC integration. The fact that the re-

launch of Community integration has been fundamentally structured by a concept of market liberalisation, aimed at improving the competitiveness of European business, and preservation of national sovereignty in social policy, has severely delimited the scope for Europeanisation of industrial relations. The structural-determinist thrust that has marked this approach, however, is hardly suited to account for the persistence of national institutions of industrial relations and the changes that actually have evolved at European level. As emphasised by Hyman (1994a), structural imperatives tend to be contradictory in their implications and therefore leave greater scope for political choice than assumed by the "Euro-pessimistic" analysis. Both the social policy changes at European level and the resilience (and partial renewal) of national industrial relations institutions in recent years indicate that the impact of structural determinants are decisively shaped by institutions and protracted processes of institutional adjustment at the national as well as the European level.

Fourth, we have seen that the distinction between a "supranational" and an "intergovernmental" concept of integration has become increasingly blurred. The interwovenness of European and national levels implies that the question of whether the prime movers are national or European has lost relevance, suggesting instead that trade union Europeanisation unfolds precisely through the dialectic interplay and *shifting articulation* between European and national agency. Although the European bodies of trade unionism are composed of national actors, their action rationale has become increasingly Europeanised and their consent to "upstream" Europeanisation decisively influenced by the desire to counteract detrimental "downstream" effects of European governance. Thus, in my view, the most interesting question is what kind of changes evolve in the purpose, emphasis and mode of interaction between nationally anchored actors at European arenas, within the changing context of structural constraints, power relations and institutional reconfiguration that marks European integration.

In this perspective, I would maintain that none of these theories of integration alone can make sense of the process of social change studied here, but that, when judiciously combined, they can all serve as useful means to identify mechanisms and determinants behind various sequences and aspects of the process. It would be unreasonable to demand that one theory should be able to account for the multi-layered process of social change that I have studied, evolving as it has through interplay between short-term events of policy-formation; medium-term sequences of institution-building and longer term transformations of values and identities. A basic finding would thus seem that the interaction between the different layers of social change is essentially mediated through contested, negotiated processes of institutional change, representing the nucleus between efforts at strategic action and longer-term processes of societal and structural change. A common weakness of the above-noted approaches of integration theory is, in my view, their inherent emphasis on external determinants of social action and the virtual absence of social actors. Hence, in order to understand the process of trade union Europeanisation, we shall have to pay greater attention to the mechanisms through which collective actors can mobilise power resources at European level.

The changes observed in the ETUC cannot be accounted for without an awareness of political action, power relations and deliberate attempts to accommodate, exploit and transform external conditions and contradictory structural determinants of agency.

#### 14.4.5 Union-building and state-building at European level – final remarks

In chapter 2 I posited the assumption that the “the causal arrows from union-building to state building go in both directions” and that it makes sense to conceive of “the modern polity as the outcome of a prolonged, contested and, above all, mutually interactive process of political restructuring” (Marks and McAdam 1996: 98). My account has given solid evidence for the second part of the equation, notably that European trade union-building has been strongly influenced by the restrained form of EU state-building and social policy. Taken together with the internal constraints of the ETUC, stemming from the embeddedness of unions in national institutions, this can account for the emergence of the particular political form of union integration at European level – which, in contrast to its national predecessors, has been distinguished by the creation of institutional structures before action.

Evidence of the inverse part of the equation, however, is harder to trace. It might be argued that the increased attention to employment expressed in the Essen process and the eventual incorporation of an employment chapter in the treaty would not have happened without persistent pressure from the ETUC and its affiliates. The modesty of the actual reforms, however, underscores the limited ETUC imprint on the process. What seems better grounded, is that the institutional reforms of Community social policy at Maastricht, enabling European agreements as a new mode of public regulation, were contingent on prior union pressure and vitalisation of ETUC integration, which in turn emanated in response to the earlier Community re-launch. Despite the modest nature of these developments, the sequence of change corresponds to the assumed dynamics of a *contested and mutually interactive process of political restructuring*.

The limited ETUC imprint on the broader trajectory of European integration reflects (1) its difficulties in getting national affiliates to influence the European policies of national governments in a concerted way, which highlights the lack of a common European vision among ETUC affiliates; and (2) its weak capacity to mobilise collective power resources and political pressure on EU institutions, which suggests that its dependency on the EU “state” has constrained its role as challenging group and channel for popular contest of EU policies.

Hence, it might be argued that the ETUC has served more as generator of “loyalty” than “-voice” within the Euro-Polity, reflecting the ETUC’s basic dilemma of balancing between support for more European integration and criticism of the particular form it has taken. While some scholars have suggested that the ETUC has been seduced by the European institutions, I would suggest that the particular “yes-but” approach of the ETUC and its attempts to exploit alliances in union-friendly circles of the Commission have reflected a deliberate political choice. This institutional approach has reflected a fairly pragmatic assessment of the available options and resources, given the weak capacity and will of the member organisations to

engage in a more profound Europeanisation process. Furthermore, this has been rooted in a strong historical legacy of ETUC co-operation. Even though the approach chosen may have had unintended consequences and has made the ETUC overly dependent on European institutions, it has also brought some tangible results – and alternative strategies have not been readily at hand. Also at national level, a recognised “public status” for trade unions has been achieved through participation in contested, institutionalised co-operation and compromise with state and employers interlocutors. The decisive difference is that national unions’ ability to take advantage of such co-operation was dependent, first, on their capacity of credibly threatening industrial conflict, offering wage restraint or industrial peace; and, second, on state and employer interlocutors with power to provide a *quid pro quo*. At the European level both these conditions have as yet been missing.

At the threshold of EMU and of a new millennium, it would seem that strengthened co-ordination of collective bargaining, labour market policy and macro-economic governance at European level will be required to prevent greater social competition and further diminution of the room for manoeuvre of social actors and trade unions at national level. However, the history of industrial relations indicates that the state and the employers’ associations have never chosen to establish themselves as credible union counterparts as a product of political goodwill. The creation of a viable European model of industrial relations and social partnership thus remains critically contingent on the collective commitment and imagination of trade unions to renew and intensify their struggle for a Europe in which the vision of social justice and freedom transcends inherited boundaries of solidarity and the prevailing ethos of market liberalisation. If they are to influence the broader trajectory of European integration determining the conditions for trade union integration, the ETUC affiliates will have to agree on a two-pronged strategy for (1) influencing the European policies of national governments and (2) building up transnational capacity of industrial mobilisation that can underpin the ETUC’s institutionalised political role at European level.

### Endnotes Part V:

- 1 It fits, however, better with Streeck and Schmitter’s notion of “competitive federalism” (ibid.: 227).
- 2 The resurgence of Social-Democratic governments in the EU seems actually to a large extent reliant on strong elements of institutional nationalism and popular resistance of further integration (cf. the situation in France, Denmark, Sweden, partly the UK, and in Germany, if Kohl should have to resign in 1998), suggesting that they have limited leeway for redressing the social deficit of the current trajectory.





## Appendices

### *Appendix 1. List of interview respondents in European trade unions, employers' associations, Community institutions and national experts<sup>1</sup>*

#### **European employers' associations:**

Director of Social Affairs, UNICE, B. Arnold (1.4.92, 23.9.92) and R. Hornung-Draus (5.3.93); W. Ellerkmann, General Secretary of CEEP (18.5.93); W. Beirnaert, Director General of Belgian Employers' Federation, FEB (15.4.93, 17.2.95); Mr. Michels, Director General of FEBL-TEX (29.4.93); N. Trampe, Head of Brussels Office, Danish Employers' Confederation, DA (16.12.92, 22.1.93, 25.1.94); A.F. Prinzessin zu Schoenaich-Carolath, Head of Brussels Office, German Employers' Federation, BDA (25.3.93); D. France, Head of International Social Affairs, Confederation of British Industries, CBI (19.4.93); P. Reid, Director, British Engineering Employers' Federation, EEF (27.5.93); S. Artin, Head of Brussels office, Swedish Employers' Confederation, SAF (19.3.93); P. Brennan, Head of Brussels Office, Irish Business and Employers' Confederation, IBEC (25.1.96); K.H. Sørli and K. Methi, Heads of Brussels Office, and V. Lindefeld, Director of International Social Affairs, Norwegian Confederation of Business and Industry, NHO (num. conv.).

#### **European Commission, DG V, Directorate A, Industrial relations and social dialogue:**

J. Degimbe, former Head of Office (3.6.93, 25.1.94); C. Savoini, former Head of Office (3.10.96); D. Buda, Adviser (23.4.92, 15.10.92, 8.6.93, 26.1.96); J. Morin, Adviser (30.1.93, 15.2.95, 26.1.96, 27.9.96, 21.5.97); L. Wallijn, Head of Sectoral Dialogue Office, (6.7.94); J. Curell, Adviser (26.1.96) and I. Roberts, Adviser DG X (num. conv.)

CESI: M. Månsson, General Secretary (7.4.93)

#### **ETUC Secretariat:**

E. Gabaglio, General Secretary (16.4.93, 23.9.95, 25.1.96, 3.10.96); J. Lapeyre, Deputy General Secretary (30.10.92, 7.6.93, 17.2.95, 30.10.96); M. Jäskäläinen, Deputy General Secretary (Feb.1990, 8.3.93); P. Coldrick, Confederal Secretary (17.11.92, 16.12.92, 27.1.94, 17.2.95, 17.2.95, 16.1.96, 14.5.97); W. Buschak, Confederal Secretary (7.4.93); E. Carlsund, Deputy General Secretary (25.1.96); F. Ballesterio, Adviser (17.2.95, num. conv.), P. Seideneck, Adviser (16.2.95, 1.6.95, 21.9.95, 2.10.96) and M. Rud Pedersen, Adm. Director (24.9.95, 6.5.97).

#### **European Industry Committees/Federations:**

F. Bisegna, General Secretary, European Federation of Chemical and General Workers Unions, ECFGU (recently merged with the miners organisation into EMCEF) (25.1.93, 17.2.95, 18.5.95); B. Tesch-Segol, Director, European Regional Organisation of the International Federation of Commercial, Clerical, Professional and Technical Employees, EURO-FIET (26.1.93, 1.4.93, 24.1.94, 15.2.95, 26.1.96, 4.10.96, 23.5.97); C. Fischbach-Pyttel, General Secretary, European Public Sector Committee, EPSC

<sup>1</sup> Besides specified interviews, persons with whom I have had running contact and discussions are indicated by "numerous conversations" (num. conv.). Titles are as when I spoke with the respondents.

(14.4.93); J. W. Goudrian, Adviser, EPSC (14.4.93, 15.2.95, 23.1.96); B. Thierron, General Secretary, European Metalworker's Federation, EMF (Feb.1990); M. Bobke, Assistant General Secretary, EMF (20.1.93, 27.1.94, 15.2.95); H. Fluger, General Secretary, EMF (24.1.96, 3.10.96); P. Martinelli, Research Officer, EMF (27.1.94), B. Gerstenberger-Sztana, Head of Public Relations, EMF (24.1.96); J. Cremers, General Secretary, European Federation of Building and Woodworkers, EFBWW (21.1.93, 13.5.95); J. Hallsten, Adviser, EFBWW (21.1.93, num. conv.); R. Walther, General Secretary, European Graphical Federation, EGF (27.1.93); H. Wiedenhofer, General Secretary, European Committee of Food, Catering and Allied Workers' Unions, ECF-IUF (3.10.96); P. Bowyer, General Secretary, European Committee of the Postal, Telegraph and Telephone International, PTTI (16.11.92).

### **Belgian trade unions:**

R. Vorhammer, National Secretary, FGBT (27.1.93); J. Janssens, Head of International Department, FGFB (18.2.93, 24.1.94, 17.2.95); J. Delarue and R. Janssens, Advisers, CSC (16.10.92, 29.3.93, 25.1.94); J. P. Delcroix, Adviser, FGFB (4.3.93); P. Gruselin, Adviser FGFB (24.1.94); M. De Vilde, National Secretary CSC Metal (22.3.93); T. Janssen, President, CSC Metal (22.3.93, 11/19.5.95); J. Vanbeylen, Adviser, CMB Metal, FGFB (27.4.93); P. Lootens, Political Secretary, Algemene Centrale, FGFB (3.4.93); W. Vijverman, President, Alimentation-Service, CSC (1.4.93); A. Ladrille, President, Alimentation-Horeca-Services, FGFB (2.6.93); J. Jaquemains, Research Officer, CGSP – public services, FGFB (14.4.93); C. Polenus, President, SETCA, FGFB (14.4.93).

*National experts:* Prof. E. Vogel Polsky, Libre Université Bruxelles (27.2.92); Prof. J. Verly, Catholic University of Louvaine-la-Neuve (23.3.93); Dr. J. Van Ruysseveldt, Open University Heurlen (26.3.93); Prof. R. Blainpain, University of Leuven (5.3.93); Dr. J. Van Leemput and Prof. J. Vilrocx, TESA, Vrije Universiteit Bruxelles (22.3.93); C. Gobin, Research Associate, Libre Université de Bruxelles (19.11.92); Director P. Pochet and A. Raulier, Observatoire Social Européen (19.2.93, 26.1.94, num. conv.).

### **British trade unions:**

D. Lea, Deputy General Secretary, TUC (5.3.93, 20.4.93, 15.5.95, 31.11.95); S. Wilson, Adviser, TUC (8.3.93, 20.4.93); D. Feickert, Head of Brussels Office, TUC (num. conv.); H. Benn, Adviser, MSF Manufacturing, Science, Finance (20.4.93); D. Perkins, Regional Officer, MSF (11.3.93); R. Brooks, Adviser, GMB (21.4.93); B. Jordan, President, AEEU (11.3.93); P. Morris, Research Officer, NUPE (22.4.93); J. Robinson, Research Officer, BIFU (22.4.93); R. Scott, National EC Co-ordinator, TGWU (21.4.93); M. J. Leahy, Assistant General Secretary, ISTC (11.3.93) and S. Hart, Shop Steward, TGWU Ford Dagenham (26.5.93).

*National experts:* Senior Researchers M. Hall, P. Marginson and J. Waddington, IRRU Warwick 23.4.93 ( num. conv.); Prof. Lord Wedderburn, London School of Economics (21.4.93); L. Fulton, Head of Labour Research Department and D. Foden, Senior Officer, ETUI (num. conv.)

### **German trade unions:**

P. Seideneck, Head of International Department, DGB (25.2.1993); J. Kreimer-de Fries, Adviser, Collective Bargaining Department, DGB (25.2.93, 23.5.97); A. Schunk, DGB (14.5.95); F. Handke, Adviser International Department, DGB (18.5.95); R. Reibsch, Head of International Department, IG Chemie (24.2.93, 13.5.95); H. Schauer, Senior Adviser, IG Metall (25.2.93, num conv.); T. Klebe, IG Metall (13.5.95); H. Freese, Head of Collective Bargaining Department, ÖTV (23.2.93); U. Polzer, ÖTV (num. conv.); J. Glaubitz and F. Wiethold, Secretaries Hauptvorstand, HBV (7.5.93) and H. Weipert, President, IG Bau und Holz (13.5.95).

*National experts:* Numerous conversations with Senior Researcher W. Lecher, WSI; Prof. G. Bosch,

Institut Arbeit und Technik, Gelsenkirchen; Prof. K. Busch, University of Osnabrück; Dr. O. Jacobi, European Observatory of Industrial Relations; Prof. B.K. Keller, University of Konstanz; Dr. T. Schulten, Phillips University of Marburg; Prof. H.-W. Platzer, Fachhochschule Fulda; Dr. O. Röthig, LSE; Dr.W. Stützel, Hans Böckler Stiftung; Prof. D. Sadowski, IAAT Trier and H. Bünz, Head of Brussels Office, Friedrich Ebert-Stiftung.

### **Unions of other nationalities:**

W. Wagenmann, Head of International Department, FNV Netherlands (24.3.93, 14.5.95, 25.6.95, 7.12.95); G. Cassina, CISL Italy (26.1.93, 10.3.93, 15.5.95); A. Lettieri, Head of International Department, CGIL Italy (5.3.93); E. Masucci, CGIL Italy (9.3.93); J. P. Yonnet, Head of Brussels Office, Force Ouvrière, France (9.3.93); B. Mahr, Head of Brussels Office, ÖGB (num. conv.) and K.-H. Nachtnebel, Head of International Department, ÖGB Austria (16.9.96); H. Baumann, President, GBI, Switzerland (26.9.95); S. McCarthy, Industrial Officer, ICTU Ireland (25.6.1993).

*National experts:* Several conversations with Prof. J. Visser, Amsterdamse School of Social Science Research; Prof. G. P. Cella, University of Brescia; Prof. F. Traxler, University of Vienna and Senior Researcher, J. Goetschy, CNRS France.

### **Nordic trade unions:**

Here I have had numerous conversations with a large number of persons, but I have in particular benefited from discussions and interviews with the following representatives:

*LO Sweden:* B. Rönngren and B. Tengberg, Secretaries, Collective Bargaining Department; U. Edström, Head of International Department; L. Hägg and G. Larsson, Advisers, International Department; S. Svensson, Head of LO/TCO Brussels Office.

*TCO Sweden:* L. Larsson, Head of International Department; G. Karlsson, Senior Adviser and R. Spång, Chief Economist.

*LO Denmark:* B. Nielsen, Head of International Department; S. Bögh and P. Foldberg, Secretaries International Department.

*FTF Denmark:* S. Kargaard, Head of International Department and K. Schmidt, Adviser.

*Finland:* P. Bolt, Economist, SAK; *Iceland:* A. Skulasson, General Secretary, ASI.

*Nordic Council of Trade Unions, NFS:* S. Ahlen and B. Froyen, General Secretaries; O. Madsen and L. Hägg, Advisers.

*National experts:* Several discussions with Prof. N. Bruun, National Institute for Working Life, Sweden; Prof. J. Due and C. Strøby Jensen, FAOS, University of Copenhagen; Dr. J. Lind University of Aalborg; Prof. R. Nielsen, Copenhagen Business School and H. Aintilla, Senior Researcher, ETUI.

### **Norwegian trade unions:**

Here I have in particular benefited from discussions, conversations and/or interviews with the following representatives:

*LO, Norwegian Confederation of Trade unions:*

J. K. Balstad, First Secretary; K. Sandegren and J. I. Nålsund, International Secretaries; and J. L. Carlsen, Adviser International Department; S. Reegård and J. Bjerke, Heads of Department of Economy and Society; L. Holo and B. Kolby, Head of Juridical Department; Adviser K. Grevskott, E. Aas and K. Weum, Head of Industry and Working Life Department; E. Ansnes, Adviser, P. Myklebust and K. A. Sanden, Heads of Brussels Office.

*AF, the Confederation of Norwegian Professional Associations*: M. Sognvoll, Leader, and T. Frogner, Adviser.

*LO Unions*:

Fellesforbundet (manufacturing and construction): K. Bjørndalen, Leader; J.P. Jensen and K. Martinsen, Deputy Leaders; R. J. Karlsen, H. Sjøvoll and K. Boddig, Advisers, and E. S. Birkeland and A. Høie, International Secretaries.

NOPEF (oil and energy sector): L. Myhre, Leader.

NKF (municipal employees): L. Nilsson and J. Davidsen, Leaders; F. Bærland, Political Secretary; T. Holm and S. Gullvaag, Advisers.

Statstjenestemannskartellet (state sector unions): T. Moe Gustavsen, Leader, and P. Overrein Adviser.

FO (social service employees): O. Remvik, Leader, and K. Sivertsen, Adviser.

NTL (civil service employees); I. L. Rønning, Adviser, and G. L. Valla, Deputy Leader.

HK (retail and clerical employees): S. Bauck, Leader; Y. Halvorsen and O. Irvoll, Advisers.

NKIF (chemical workers): A. Svensson and O. Støylen, Leaders; B. Blomquist and T. Rostad, Secretaries, and G. Myrvang, Adviser.

NHRF (hotel and restaurant workers): S. Fjæstad, Leader.

NNN (foodworkers): R. Frøysland and T. Dahl, Deputy Leaders, and E. Gaare, Adviser.

NTF (transport workers): P. Østvold, Deputy Leader.

NFATF/FLT (union of foremen and technicians): M. Midtbø, Leader.

Concerning trade union work in *Norwegian transnational company groups*, I have especially learnt from Company Shop Stewards, E. Gaare and S. Stugu (Orkla), R. Utgaard (Kværner), B. Lövaas (Freia Kraft Foods) and L. Furre (Aker), together with the other contributors at the FAFO Conference on Union Co-operation in Groups, 25-26 February 1995, Sörmarka.

*Appendix 2. The Protocol on Social Policy and the Appended Social Agreement adopted at Maastricht. Source: Social Europe 2/93: 87-9.*

## *The Protocol on Social Policy*

### *The High Contracting Parties\**

Noting that eleven Member States, that is to say the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands and the Portuguese Republic, wish to continue along the path laid down in the 1989 Social Charter; that they have adopted among themselves an Agreement to this end; that this Agreement is annexed to this Protocol; that this Protocol and the said Agreement are without prejudice to the provisions of this Treaty, particularly those which relate to social policy which constitute an integral part of the "acquis communautaire":

1. Agree to authorize those eleven Member States to have recourse to the institutions, procedures and mechanisms of the Treaty for the purposes of taking among themselves and applying as far as they are concerned the acts and decisions required for giving effect to the abovementioned Agreement.
2. The United Kingdom of Great Britain and Northern Ireland shall not take part in the deliberations and the adoption by the Council of Commission proposals made on the basis of this Protocol and the abovementioned Agreement.

By way of derogation from Article 148(2) of the Treaty, acts of the Council which are made pursuant to this Protocol and which must be adopted by a qualified majority shall be deemed to be so adopted if they have received at least forty-four votes in favour.

The unanimity of the members of the Council, with the exception of the United Kingdom of Great Britain and Northern Ireland, shall be necessary for acts of the Council which must be adopted unanimously and for those amending the Commission proposal.

Acts adopted by the Council and any financial consequences other than administrative costs entailed for the institutions shall not be applicable to the United Kingdom of Great Britain and Northern Ireland.

3. This Protocol shall be annexed to the Treaty establishing the European Community.

**Agreement on Social Policy concluded between the Member States of the European Community with the exception of the United Kingdom of Great Britain and Northern Ireland**

*(Cont. Appendix 2. The Protocol on Social...)*

The undersigned eleven *High Contracting Parties*, that is to say the Kingdom of Belgium, the Kingdom of Denmark, the Federal Republic of Germany, the Hellenic Republic, the Kingdom of Spain, the French Republic, Ireland, the Italian Republic, the Grand Duchy of Luxembourg, the Kingdom of the Netherlands and the Portuguese Republic (hereinafter referred to as 'the Member States'),

wishing to implement the 1989 Social Charter on the basis of the 'acquis communautaire', considering the Protocol on social policy, have agreed as follows:

*Article 1*

The Community and the Member States shall have as their objectives the promotion of employment, improved living and working conditions, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combatting of exclusion. To this end the Community and the Member States shall implement measures which take account of the diverse forms of national practices, in particular in the field of contractual relations, and the need to maintain the competitiveness of the Community economy.

*Article 2*

1. With a view to achieving the objectives of Article 1, the Community shall support and complement the activities of the Member States in the following fields:
  - improvement in particular of the working environment to protect workers' health and safety;
  - working conditions;
  - the information and consultation of workers;
  - equality between men and women with regard to labour market opportunities and treatment at work;
  - the integration of persons excluded from the labour market, without prejudice to Article 127 of the Treaty establishing the European Community (hereinafter referred to as 'the Treaty').
2. To this end, the Council may adopt, by means of directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States.

Such directives shall avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small and medium-sized undertakings.

The Council shall act in accordance with the procedure referred to in Article 189c of the Treaty after consulting the Economic and Social Committee.

3. However, the Council shall act unanimously on a proposal from the Commission, after consulting the European Parliament and the Economic and Social Committee, in the following areas:
  - social security and social protection of workers;
  - protection of workers where their employment contract is terminated;
  - representation and collective defence of the interests of workers and employers, including co-determination, subject to paragraph 6;

- conditions of employment for third-country nationals legally residing in Community territory;
  - financial contributions for promotion of employment and job-creation, without prejudice to the provisions relating to the Social Fund.
4. A Member State may entrust management and labour, at their joint request, with the implementation of directives adopted pursuant to paragraphs 2 and 3.  
In this case, it shall ensure that, no later than the date on which a directive must be transposed in accordance with Article 189, management and labour have introduced the necessary measures by agreement, the Member State concerned being required to take any necessary measure enabling it at any time to be in a position to guarantee the results imposed by that directive.
  5. The provisions adopted pursuant to this Article shall not prevent any Member State from maintaining or introducing more stringent preventive measures compatible with the Treaty.
  6. The provisions of this Article shall not apply to pay, the right of association, the right to strike or the right to impose lock-outs.

### *Article 3*

1. The Commission shall have the task of promoting the consultation of management and labour at Community level and shall take any relevant measure to facilitate their dialogue by ensuring balanced support for the parties.
2. To this end, before submitting proposals in the social policy field, the Commission shall consult management and labour on the possible direction of Community action.
3. If, after such consultation, the Commission considers Community action advisable, it shall consult management and labour on the content of the envisaged proposal. Management and labour shall forward to the Commission an opinion or, where appropriate, a recommendation.
4. On the occasion of such consultation, management and labour may inform the Commission of their wish to initiate the process provided for in Article 4. The duration of the procedure shall not exceed nine months, unless the management and labour concerned and the Commission decide jointly to extend it.

### *Article 4*

1. Should management and labour so desire, the dialogue between them at Community level may lead to contractual relations, including agreements.
2. Agreements concluded at Community level shall be implemented either in accordance with the procedures and practices specific to management and labour and the Member States or, in matters covered by Article 2, at the joint request of the signatory parties, by a Council decision on a proposal from the Commission.  
The Council shall act by qualified majority, except where the agreement in question contains one or more provisions relating to one of the areas referred to in Article 2(3), in which case it shall act unanimously.

*(Cont. Appendix 2. The Protocol on Social....)**Article 5*

With a view to achieving the objectives of Article 1 and without prejudice to the other provisions of the Treaty, the Commission shall encourage cooperation between the Member States and facilitate the coordination of their action in all social policy fields under this Agreement.

*Article 6*

1. Each Member State shall ensure that the principle of equal pay for male and female workers for equal work is applied.
2. For the purpose of this Article, 'pay' means the ordinary basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the worker receives directly or indirectly, in respect of his employment, from his employer.  
Equal pay without discrimination based on sex means:
  - (a) that pay for the same work at piece rates shall be calculated on the basis of the same unit of measurement;
  - (b) that pay for work at time rates shall be the same for the same job.
3. This Article shall not prevent any Member State from maintaining or adopting measures providing for specific advantages in order to make it easier for women to pursue a vocational activity or to prevent or compensate for disadvantages in their professional careers.

*Article 7*

The Commission shall draw up a report each year on progress in achieving the objectives of Article 1, including the demographic situation in the Community. It shall forward the report to the European Parliament, the Council and the Economic and Social Committee.

The European Parliament may invite the Commission to draw up reports on particular problems concerning the social situation.

*Declarations**1. Declaration on Article 2(2)*

The eleven High Contracting Parties note that in the discussions on Article 2(2) of the Agreement it was agreed that the Community does not intend, in laying down minimum requirements for the protection of the safety and health of employees, to discriminate in a manner unjustified by the circumstances against employees in small and medium-sized undertakings.

*2. Declaration on Article 4(2)*

The eleven High Contracting Parties declare that the first of the arrangements for application of the agreements between management and labour Community-wide – referred to in Article 4(2) – will consist in developing, by collective bargaining according to the rules of each Member State, the content of the agreements, and that consequently this arrangement implies no obligation on the Member States to apply the agreements directly or to work out rules for their transposition, nor any obligation to amend national legislation in force to facilitate their implementation.



**Appendix 3. Joint Opinions adopted by the cross-sectoral Social Partners.  
Sources: Social Europe (2/95: 118-9) and information provided by Norwegian LO  
Brussels Office.**

- ☐ Joint opinion on the cooperative growth strategy for more employment (6 November 1986) .....
- ☐ Joint opinion concerning training and motivation, and information and consultation (6 March 1987) .....
- ☐ Joint opinion on the Annual Economic Report 1987/88 (26 November 1987) .....
- ☐ Joint opinion on the creation of a European occupational and geographical mobility area and improving the operation of the labour market in Europe (13 February 1990) .....
- ☐ Joint opinion on education and training (19 June 1990) .....
- ☐ Joint opinion on new technologies, work organization and adaptability of the labour market (10 January 1991) .....
- ☐ Joint opinion on the transition from school to adult and working life (5 April 1991) .....
- ☐ Agreement of 31 October 1991 .....
- ☐ Joint opinion on ways of facilitating the broadest possible effective access to training opportunities (20 December 1991) .....
- ☐ A renewed cooperative growth strategy for more employment (3 July 1992) .....
- ☐ Joint statement on the future of the social dialogue (3 July 1992) .....
- ☐ Joint opinion on vocational qualifications and certification (13 October 1992) .....
- ☐ Recommendation by the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE) and the European Centre of Enterprises with Public Participation (CEEP)
- ☐ Joint opinion on the future role and actions of the Community in the field of education and training, including the role of the social partners (28 July 1993) .....
- ☐ Proposals by the social partners for implementation of the Agreement annexed to the Protocol on social policy of the Treaty on European Union (29 October 1993) .....
- ☐ Joint opinion on women and training (3 December 1993) .....
- ☐ The framework for the broad economic policy guidelines (5 December 1993) .....
- ☐ Joint opinion on the contribution of vocational training to combating unemployment and reabsorbing the unemployed into the labour market in the light of the new situation created by the White Paper (4 April 1995) .....
- ☐ The social partners' guidelines for turning recovery into a sustained and job-creating growth process — Joint opinion elaborated by the macroeconomic group of the social dialogue (16 May 1995) .....
- ☐ Joint declaration on the prevention of racial discrimination and xenophobia and promotion of equal treatment at the workplace (21 October 1995) .....
- ☐ The Essen employment process — Joint declaration of the European social partners to the Madrid European Council (21 October 1995) .....
- ☐ Framework agreement on parental leave (14 December 1995) .....
- ☐ Framework Agreement on parental leave (14 December 1995)
- ☐ Action for Employment in Europe — a Confidence Pact (28 November 1996).
- ☐ Framework Agreement on Part-time work (6 June 1997)

**Appendix 4. National union confederations affiliated to ETUC by 1 January 1995.**  
**Source: ETUC (1995a: A20-21).<sup>1</sup>**

Pays Country	Organisation	Members	Delegates
Austria	ÖGB	1.616.006	10
Belgium	FGTB	1.081.305	9
	CSC	1.200.000	9
Cyprus	SEK	55.232	3
	TURK-SEN	5.000	2
Denmark	LO	1.323.000	9
	FTF	331.774	5
	AC	131.541	4
Finland	SAK	1.000.000	8
	AKAVA	213.300	5
	STTK	450.000	6
France	FO	1.015.000	9
	CFDT	617.095	7
	CFTC	250.000	5
Germany	DGB	9.000.000	24
	DAG	527.888	7
Greece	GSEE	360.000	6
	ADEDY	100.000	3
Iceland	ASI	55.301	3
	BSRB	16.437	2
Ireland	ICTU	600.000	7

<sup>1</sup> Column three (delegates) refers to the number of Congress delegates in 1995

Pays Country	Organisation	Members	Delegates
Italy	CGIL	5.236.571	16
	CISL	3.000.000	12
	UIL	1.150.000	9
Luxembourg	CGT-L	47.866	3
	LCGB	26.000	2
Malta	GWU	26.808	2
	CMTU	30.409	2
Netherlands	FNV	1.122.225	9
	CNV	340.086	5
	MHP	150.900	4
Norway	LO	650.000	7
Portugal	UGT	501.000	7
	CGTP-IN	877.000	8
San Marino	CDLS	2.585	2
	CSdL	2.650	2
Spain	UGT	600.000	7
	CC.OO.	600.000	7
	ELA-STV	110.000	4
Sweden	LO	1.954.638	11
	TCO	1.147.538	9
Switzerland	SGB	432.000	6
	CNG	106.267	4
	VSA	130.147	4
Turkey	DISK	100.000	3
	TURK-IS	500.100	7
United Kingdom	TUC	7.295.635	21
<b>TOTAL</b>		<b>46.089.304</b>	<b>316</b>

**Appendix 5. European Industry Committees affiliated to ETUC by 1 January 1995.**  
**(Source: ETUC 1995a: A22)<sup>1</sup>**

Comité Syndical Industry Committee	Members	Congress
FEM/EMF (Metal.)	5.814.366	14
EURO-FIET (Empl., Tech., Cadres - Commercial, Clerical and Technical Employees)	5.586.834	14
IPTT-CE/PTTI-EC (Telecom.)	1.560.978	6
EFA (Agriculture - Agricultural workers)	1.405.201	5
Euro ISETU-FISTAV (Media)	108.771	3
SETA-UITA/ECF-IUF (Alimentation- Food)	1.382.371	5
CSESP/EPSC (Services Publics - Public Services)	6.770.045	16
CSTCE/CTWUEC (Transport)	2.539.073	8
CSEE/ETUCE (Education)	2.554.301	8
FETBB/EFBWW (Bâtiment-Bois - Building-Woodworkers)	2.867.889	8
FGE/EGF (Graphique - Graphical)	438.557	3
CSE-TCH/ETUC-TCL (Textiles)	1.133.807	5
FESCID/EFCGU (Chimie - Chemical)	1.771.622	6
FEJ-FIJ/EFJ-IFJ (Journalistes - Journalists)	115.673	3
FME/MEF (Mineurs - Miners)	380225	3
<b>TOTAL</b>	<b>34.429.713</b>	<b>107</b>

<sup>1</sup> Column two (delegates) refers to the number of Congress delegates in 1995



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  - \_\_\_ (11.12.1992): 'Edinburg Summit: Trade unions in favour of initiative for growth and employment'.
  - \_\_\_ (11.12.1992): 'Major meets Delors and the social partners'.
  - \_\_\_ (16.9.1993): 'Kommission kündigt eine Mitteilung über die Soziale Dimension'.
  - \_\_\_ (10.11.1.1994): 'Commission sets out criteria and working methods of the agreement on social policy (.....)'
  - \_\_\_ (10.5.1995): '...the trade unions is a player in the change towards more democracy, says Mr. Santer'.
  - \_\_\_ (26.9.1995): 'European Commission consults social partners on part-time work systems'
  - \_\_\_ (5.12.1995): 'European social dialogue (.....) public sector gets off the ground'.
  - \_\_\_ (11.12.1995): 'European Executives (EMC) do not acknowledge results of social dialogue'.
  - \_\_\_ (14.12.1995): 'Social partners (...) sign first European framework agreement'.
  - \_\_\_ (14.12.1995): 'Social partners underscore importance (...) parental leave'.
  - \_\_\_ (15.12.1995): 'UEAPME disputes (...) framework agreement on parental leave'.
  - \_\_\_ (18.1.1996): 'ETUC calls for tripartite congress of ECOFIN, Social Affairs Council and social partners...'
  - \_\_\_ (30.1.1996): 'Gabaglio calls for a European Pact on Employment'.
  - \_\_\_ (31.1.1996): 'Mr. Santer proposes European Confidence Pact for employment...'
  - \_\_\_ (31.1.1996): 'Commission proposes transposing into Council directive the agreement on parental leave'.
  - \_\_\_ (2.2.1996): 'UNICE supports the 'Pact of confidence for employment...'
  - \_\_\_ (16.2.1996): 'If EU has to act on employment, it must be given the means/Gabaglio underlines '.
  - \_\_\_ (11.-12.3.1996): 'ETUC and EMC support the 'Confidence Pact....', on condition its put into practice'.
  - \_\_\_ (13.3.1996): 'ETUC criticizes the attitude of the ECOFIN Council...'
  - \_\_\_ (22.3.1996): 'Mr. Flynn and public service trade unions take stand on social dialogue in public sector'.
  - \_\_\_ (27.3.1996): 'Commission proposes (...) an Employment committee' (...) between Social Council and ECOFIN.
  - \_\_\_ (16.4.1996): 'CESI receives support for its request to participate ...'
  - \_\_\_ (17.4.1996): 'The second phase of consultation on the flexibility of working hours'.
  - \_\_\_ (17-18.5.1996): 'UNICE president condemns tripartite method in social dialogue...'
  - \_\_\_ (20-21.5.1996): 'Mr Gabaglio explains to employers (...) position of trade unions on confidence pact...'
  - \_\_\_ (17-18.6.1996): 'The tripartite conference notes wide public authorities/employers/employee agreement...'
  - \_\_\_ (21.6.1996): 'UNICE appeal to Summit – competitiveness should become a goal included in the Treaty'.
  - \_\_\_ (21.6.1996): 'Social partners announce their willingness to negotiate flexibility of working time and safety'.
  - \_\_\_ (23.6.1996): 'Florence Summit, special edition'.
  - \_\_\_ (3.7.1996): 'Negotiations between the social partners on work flexibility to begin in september'.
  - \_\_\_ (18.9.1996): 'Commission communication opening a debate with employers and unions (...) social dialogue'.
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  - \_\_\_ (9.10.1996): 'Inventory of EWCs in building and metal sector'.
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Trade unions today are facing new challenges with the internationalisation and regional integration of markets and production. These challenges have been particularly pronounced in Western Europe; where economic, political and monetary integration, promoted under the auspices of the EC/EU, have advanced further than in any other region in the world. In the field of social policy and employment regulation, however, the authority of the European Community has historically been weak and the nation-states have remained the locus of power – offering trade unions limited opportunities to influence the integration process.

It therefore came as a great surprise when, on 31 October 1991, the main European employers' associations and trade unions – the UNICE, CEEP and ETUC – signed an agreement that almost literally was written into the Maastricht Treaty on European Union. By institutionalising a new mode of decision-making in Community social policy, the European social partners were granted a co-regulatory role in the EU legislative process whereby European agreements could replace proposed legislation and become European law.

The subject of this doctoral study is how trade unions in Western Europe – under the auspices of the ETUC, which today represents more than 50 million employees – since the mid-1980s have responded to the new pace of European integration and tried to exploit the Maastricht institutional innovations to promote further Europeanisation of labour market regulation and trade union organisation. Focus of the study is on the dynamics, constraints and outcomes of West European trade union integration and social dialogue since the early 1990s. Based on an insider study of ETUC development, the book provides a detailed analysis of the interplay between national and European actors of industrial relations; the problems of coping with the diversity of interests, identities and institutions within European trade unions; the internal union struggle to arrive at shared conceptions of European integration; and an in-depth assessment of the implications of the Europeanisation of trade unions and industrial relations over the past decade.



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