European Industrial Relations: An increasingly fractured landscape?

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Editor’s Foreword

The Warwick Papers in Industrial Relations series publishes the work of members of the Industrial Relations Research Unit (IRRU) and people associated with it. IRRU is devoted to empirically-grounded, theoretically-informed and policy relevant research on work, and the Warwick Papers, which are blind-reviewed within IRRU, address current topics of employment relations with academic rigour. Papers that engage with policy and practice issues are particularly welcome, as they may require timeliness and style that do not precisely fit the conventions of academic journals.

This paper by Paul Marginson, former IRRU Director, provides a comprehensive review of recent trends in European industrial relations, one of the main areas of study for IRRU in the last two decades. The proposed view differs from both theories of institutional continuity, as according to the ‘Varieties of Capitalism’ approach, and arguments of a ‘neoliberal convergence, as in recent works by Lucio Baccaro and Chris Howell. On the basis of data on industrial relations from the authoritative ‘Database on Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts’ that has been developed by colleagues at the University of Amsterdam, this paper detects both corrosion of institutions, and increased heterogeneity among European countries on several dimensions of industrial relations. As in the best tradition of IRRU and of this papers series, Paul’s contribution includes recommendations that, at a time of heightened strains over the European Union, can be helpful for a better-informed debate over reforms at national and European level.

Guglielmo Meardi
ABSTRACT

In the face of continuing European market and economic integration, European industrial relations has become more fractured. This fracturing is occurring in two senses. First, the main institutional pillars of the industrial relations dimension of the European social model (or models) are weakening. Second, common features of industrial relations across countries are no longer so apparent. Further, industrial relations outcomes such as wages and conditions have become more unequal and less solidaristic. The immediate causes of this fracturing are eastern enlargement of the EU, and the nature of the responses to the financial and economic crisis propounded by the European authorities and some national governments. These have sought to accelerate European integration by removing perceived institutional rigidities. At an underlying level, a more fractured industrial relations landscape is the result of asymmetries as between countries in the effects and impact of market and economic integration and the further exacerbation of the imbalance between negative and positive integration measures in favour of the former. The paper concludes with proposals, directed at the EU as well as national level, which could stem or even reverse the decline in the institutional pillars of European industrial relations and result in a less fractured landscape.
European Industrial Relations: An increasingly fractured landscape?

Introduction

The continuing process of European market and economic integration is having a paradoxical effect on European industrial relations. This paper contends that European industrial relations has become increasingly fractured, and not more integrated, over the first decade and a half of the 21st century. It will be shown that this fracturing is occurring in two senses. First, the main institutional pillars of the industrial relations dimension of the European social model (or models) (Marginson and Sisson 2006) are weakening, or being corroded. These pillars are: a high degree of interest organisation by employers (through employers’ associations) and workers (through trade unions); coordinated, multi-employer collective bargaining giving comprehensive regulation of the labour market for terms and conditions; and a universal right to representation in the workplace for the purposes of information and consultation, and in some countries negotiation. The upshot is that associational governance resting on collective bargaining and consultation, a defining feature of European industrial relations in comparison with other industrialised or industrialising global regions, has been weakened relative to governance by the market and by the state (Crouch 2015). Second, common features of industrial relations across countries are no longer so apparent, reflected in growing heterogeneity amongst these institutional pillars across countries. Further, as a result of the first development, industrial relations outcomes such as wages and conditions have become more unequal and less solidaristic.

The proximate or immediate causes of this fracturing, it is argued, are two major step changes in the process of European market and economic integration. The first is eastern enlargement of the EU, in 2004, 2007 and 2013, to countries where the institutional pillars of industrial relations were noticeably weaker than in the pre-existing Member States (the EU-15), thereby increasing heterogeneity. In addition, it undermined the national closure which still largely, although by no means completely, underpinned industrial relations amongst the EU-15 (Dølvik and Visser 2009). This is because eastern enlargement stimulated significantly augmented flows of efficiency-seeking capital from west to east attracted by advantageous unit labour costs (ULCs) of production, and unprecedented flows of labour from east to west as employers in the west sought to lower costs and workers from the east sought to benefit from employment opportunities and better wages and conditions (Meardi 2012). The scale of these flows, and hence their corrosive impact on industrial relations, has varied between the EU-15 thereby potentially contributing to greater heterogeneity.

The second is the nature of responses to the financial and economic crisis, which have sought to accelerate European integration. Structural reform of labour markets and industrial relations has been embraced by European and international institutions and a number of national governments as an essential element of crisis recovery, and the renewal of economic dynamism. According to country, structural reform has either been mandatory, as in the case of those countries receiving financial assistance from the ‘troika’ (European Commission, European Central Bank, International Monetary Fund) or promulgated as a new policy orthodoxy under the EU’s New Economic Governance and associated ‘country specific recommendations’ (Koukiadaki et al. 2016; Marginson and Welz 2015; Schulten and Mueller 2013). The resulting corrosive impetus on industrial relations institutions varies markedly between countries, and is a likely source of greater heterogeneity amongst the EU-15 as well as the EU-27.
At a more underlying level, why should continued market and economic integration have been accompanied by, and even contributed to, the fracturing of European industrial relations? Towards answering this, the paper considers the role of two sets of dynamics. One flows from the asymmetric impacts of market and economic integration on (groups of) national economies and their labour markets within the EU, with varying consequences for industrial relations as between countries. The other concerns the balance between negative and positive integration measures, which has always been weighted towards the former (Streeck 1995), and which since the early 2000s has shifted even further in this direction. Negative spillover effects on social policy, including industrial relations, have become more pronounced whilst positive integration measures, already comparatively weak, have largely receded from the agenda.

In the empirical analysis and elaboration of the argument which follows, the focus is on industrial relations at national level and not also on other important lines of fracture within industrial relations across Europe. In most countries there are important differences between industrial relations in the private and public sectors, including in institutional arrangements and in the dynamics driving change in these two parts of the economy despite indications that differences have diminished as governments embrace the precepts of New Public Management (Bordogna 2008; Bordogna and Pedersini 2013). Further lines of differentiation within national industrial relations result from differences in the extent and nature of organisation and collective regulation at sector level (Bechter et al. 2012) and between regions, which are of prominence in several countries (Regalia 1998).

The next section outlines the empirical method and data utilised for assessing whether European industrial relations is indeed becoming increasingly fractured in the two senses identified above. The third section presents evidence of the two senses of fracturing, and in doing so considers the impact of the eastern enlargement of the EU and of responses to the crisis. Evidence on the (in)equality of wage outcomes is also briefly reviewed. The fourth section turns to the role of the two underlying sets of dynamics which have accompanied, and contributed to, the fracturing of European industrial relations. The final section advances some proposals aimed at stemming and even reversing the decline in the main institutional pillars and thereby reinvigorating associational governance. These proposals are directed at the national and also the EU-levels, in recognition of the role of developments at EU-level in undermining industrial relations at national level.

**Empirical method and data**

The three main institutional pillars of the industrial relations dimension of the European social model are captured by drawing on measures from two data sets, version 5.0 of the ICTWSS database (Visser 2015) and Eurofound’s European Company Surveys (ECSs) undertaken in 2004, 2009 and 2013 (www.eurofound.europa.eu/surveys/european-company-surveys). Two measures of organised interest representation are utilised, both drawn from the ICTWSS database: employers’ association membership density (EA membership), measured as the % of all employees who are employed in firms belonging to employers’ associations; and trade union membership density (TU membership), which is the % of employees belonging to a trade union. Three measures of coordinated, collective bargaining from the ICTWSS are drawn on: bargaining structure (CB structure), a three-point scale indicating whether bargaining takes place on a multi-employer, mixed (multi- and single-employer in different sectors / segments of the economy) or single-employer basis; bargaining coordination (CB coordination), a three-point scale indicating whether bargaining across different sectors is strongly
coordinated, weakly coordinated or uncoordinated; and collective bargaining coverage (CB coverage), measured as the % of all employees covered by a collective agreement. The right to representation at the workplace is indicated by a single measure drawn from Eurofound’s ECSs, which cover all workplaces employing 10 or more: the % of all employees in such workplaces covered by a workplace representation structure (WRS coverage).

For the empirical analysis, evidence of the first sense of fracturing of European industrial relations – corrosion of the main institutional pillars – is assessed by examining trends in mean values over time of the three sets of variables. Evidence of the second sense of fracturing – growing heterogeneity across countries in terms of the main institutional pillars – is identified by examining trends in the coefficient of variation over time for the same variables. Values of the mean and the coefficient of variation for the three sets of variables are taken at three data points: 2000 (2004 in the case of the ECS) provides an initial benchmark ahead of EU eastern enlargement and the financial and economic crisis; 2007 (2009 in the case of the ECS) enables the impact of eastern enlargement to be identified whilst being ahead of the onset of the crisis; 2013 enables the impact of responses to the crisis to be gauged.

Three groupings of countries are reported on in the analysis which follows: the EU-27 (excluding Croatia for which the required observations are incomplete in ICTWSS); the EU-15 (i.e. the pre-2004 Member States); the EU 8+2 (i.e. the eight post-socialist countries which acceded in 2004, plus the further two which acceded in 2007). For the ICTWSS data, observations for all countries are not available for the selected year for each country, in which case the nearest preceding year is used. For the ECS data, the 2004 survey only covered five of the ten post-socialist member states which acceded to the EU in 2004 and 2007, hence data are only reported for the EU-15.

Concerning measures of (in)equality of outcome, equivalent data are not readily available. Much of the available data measuring inequality, such as those employing the Gini coefficient, relate to incomes, after tax and welfare transfers, and not wages as such. Eurostat, for instance, have only published wage inequality data since 2010. Given this lacuna, findings from the thirty country GINI project, which included twenty-five of the EU-27, will be drawn on. The project analysed trends in inequality, including wage inequality, from the 1980s to the 2000s (Salverda et al. 2014). Findings on developments in wage inequality since the onset of the crisis are drawn from a report commissioned by the European Parliament (Dreger et al. 2015).

The fracturing of European industrial relations?

Table 1 provides a snapshot of the main institutional pillars for the EU-15 at the turn of the century. It shows relatively high levels of interest organisation, particularly amongst employers (at over two-thirds of employees). Multi-employer bargaining arrangements were almost universal, with the UK’s single-employer arrangements being the principal exception along with Luxembourg which had mixed arrangements. For the most part, coordination within these multi-employer bargaining arrangements was strong, although the lower mean scale score for CB coordination (2.63) as compared to CB structure (2.81) reflects weak coordination in the Iberian peninsula and France. CB coverage was extensive at over three-quarters of the workforce, with the UK an exception at closer to one-third. Just over six out of every ten employees were covered by a representation structure at the workplace; given that this excludes smaller workplaces (employing fewer than ten), which are
less likely to have such structures, overall coverage probably extended to over one-half of the workforce.

Table 1: Industrial relations in the EU-15 at the turn of the century

<table>
<thead>
<tr>
<th></th>
<th>% of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EA membership</strong></td>
<td>67.9</td>
</tr>
<tr>
<td><strong>TU membership</strong></td>
<td>40.6</td>
</tr>
<tr>
<td><strong>1-3 scale</strong>*</td>
<td></td>
</tr>
<tr>
<td><strong>CB structure</strong></td>
<td>2.81</td>
</tr>
<tr>
<td><strong>CB coordination</strong></td>
<td>2.63</td>
</tr>
<tr>
<td><strong>CB coverage</strong></td>
<td>76.0</td>
</tr>
<tr>
<td><strong>WRS coverage</strong></td>
<td>62.1</td>
</tr>
</tbody>
</table>

Source: ICTWSS Version 5.0 (first five rows), ECS 2004 (final row), own calculations
Notes:
* Single-employer bargaining (SEB) / Uncoordinated =1; Mixed, multi- and single-employer bargaining / weaker coordination =2; Multi-employer bargaining (MEB) / stronger coordination =3

Some trend data are available. With the exception of union membership density, the broad picture in terms of mean values for the elements of the pillars is one of stability. Data on EA membership for the early 1990s are patchy: for the six countries for which data are available, the picture is one of stability between the early 1990s and 2000. TU membership, on the other hand, declined from 44.6% in 1993 to 41% in 2000. The causes have been extensively debated and analysed (see Bryson et al. 2011). The coordinated, collective bargaining pillar had remained intact. Although the 1990s saw decentralisation involving more scope for negotiation at company level (Marginson and Sisson 2006), there were no changes to underlying CB structure and barely any to CB coordination. Even so CB coverage saw a slight decline from 77.9% in 1993 to 76% in 2000. No trend data are available for WRS coverage. There was no sign of cross-country differences becoming greater over the 1990s. For the two measures for which the statistic could be calculated, TU membership and CB coverage, the coefficient of variation was unchanged.

The section next examines the evidence for corrosion of the main pillars of European industrial relations, then assesses whether heterogeneity in the presence of these main pillars across countries has increased, and finally reviews evidence on trends in inequality of wage outcomes.
Corrosion of the main pillars

Table 2 gives the figures for mean levels of organised interest representation between 2000 and 2013. For the EU-27, there are clear signs of corrosion: levels of both EA membership and TU membership declined between both 2000 and 2007, and 2007 and 2013. Corrosion is most evident for trade union organisation, which declined by around one-fifth between 2000 and 2013. The impact of eastern enlargement is striking, and is manifest in two ways. Comparing the rows for the EU 8+2 with those for the EU-15, levels of organisation amongst both employers and workers are noticeably lower in the former than the latter. Organised interest representation never became as well established in central eastern and south eastern Europe as it is in western Europe. Moreover, the gap has widened, as the decline in both EA membership and TU membership has been relatively faster amongst the EU 8+2 than amongst the EU-15. Turning to any impact from responses to the crisis, the rate of decline, for both EA membership and TU membership, is no steeper in the period 2007-13 than in the preceding one, 2000-07. Hence, an additional crisis response impact, indicated by an accelerated rate of decline, is not apparent.

Table 2: Organised interest representation - corrosion?

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EA membership</strong></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>% points</td>
</tr>
<tr>
<td>EU-27</td>
<td>58.8</td>
<td>57.6</td>
<td>56.0</td>
<td>- 2.8</td>
</tr>
<tr>
<td>EU-15</td>
<td>67.9</td>
<td>67.0</td>
<td>66.4</td>
<td>- 1.5</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>43.8</td>
<td>41.9</td>
<td>38.2</td>
<td>- 5.6</td>
</tr>
<tr>
<td><strong>TU membership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-27</td>
<td>36.2</td>
<td>31.4</td>
<td>29.0</td>
<td>- 7.2</td>
</tr>
<tr>
<td>EU-15</td>
<td>40.6</td>
<td>36.5</td>
<td>36.1</td>
<td>- 4.5</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>24.8</td>
<td>18.4</td>
<td>13.7</td>
<td>- 11.1</td>
</tr>
</tbody>
</table>

Source: ICTWSS Version 5.0, own calculations

The picture for coordinated, collective bargaining is given in Table 3. Again there is clear evidence of corrosion amongst the EU-27. For CB structure, the decline in the mean scale value in both periods indicates that there has been movement away from multi-employer bargaining (scored 3) to either mixed bargaining (scored 2) or single-employer bargaining (scored 1) arrangements, or from the second to the third. Put differently, multi-employer bargaining is less widely entrenched in 2013 than it was in 2000. For CB coordination, the trajectory is a little different: there was a slight increase in the mean scale value between 2000 and 2007, followed by a sharper decline to 2013. Overall, between 2000 and 2013 some more strongly coordinated bargaining arrangements have become more weakly coordinated or uncoordinated altogether, and some more weakly coordinated...
ones have become uncoordinated. CB coverage declined, somewhat between 2000 and 2007 and then more sharply between 2007 and 2013.

A two-fold impact of eastern enlargement is again apparent. Comparing the respective rows for the EU 8+2 and the EU-15, shows that; prevailing bargaining arrangements (CB structure) in the former are much more likely to be single- than multi-employer based whereas those in the latter are largely multi-employer based; CB coordination amongst the former is more likely to be weak or absent than strong, in contrast to the latter where coordination is frequently strong; and CB coverage is markedly lower in central eastern and south eastern Europe than it is western Europe. In addition, between 2000 and 2013 the gap in CB coverage has widened: the decline is noticeably steeper amongst the EU 8+2 than amongst the EU-15. For coordinated, collective bargaining a distinct impact from responses to the crisis is also apparent. The scale indices for CB structure and CB coordination show a steeper decline between 2007 and 2013 than they do in the previous period. In the later period, multi-employer employer bargaining arrangements were terminated in Ireland and Romania, whilst disappearing from some but not all sectors in Greece (movement to mixed arrangements). Coordination arrangements were either weakened or (were) unravelled altogether in these three countries also, and also in Spain. Likewise the decline in collective bargaining coverage is steeper in the later period, very much so amongst the EU 8+2.

Table 3: Coordinated collective bargaining – corrosion?

<table>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CB structure</strong></td>
<td>1-3 scale*</td>
<td>1-3 scale*</td>
<td>1-3 scale*</td>
<td></td>
</tr>
<tr>
<td>EU-27</td>
<td>2.32</td>
<td>2.28</td>
<td>2.11</td>
<td></td>
</tr>
<tr>
<td>EU-15</td>
<td>2.81</td>
<td>2.81</td>
<td>2.63</td>
<td>[IE,EL]^</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>1.70</td>
<td>1.60</td>
<td>1.40</td>
<td>[BG,RO]^</td>
</tr>
<tr>
<td><strong>CB coordination</strong></td>
<td>1-3 scale*</td>
<td>1-3 scale*</td>
<td>1-3 scale*</td>
<td></td>
</tr>
<tr>
<td>EU-27</td>
<td>2.32</td>
<td>2.36</td>
<td>2.11</td>
<td></td>
</tr>
<tr>
<td>EU-15</td>
<td>2.63</td>
<td>2.69</td>
<td>2.44</td>
<td>[EL,ES,IE]^</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>1.90</td>
<td>1.90</td>
<td>1.60</td>
<td>[RO]^</td>
</tr>
<tr>
<td><strong>CB coverage</strong></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>% points</td>
</tr>
<tr>
<td>EU-27</td>
<td>63.8</td>
<td>62.0</td>
<td>55.2</td>
<td>- 8.6</td>
</tr>
<tr>
<td>EU-15</td>
<td>76.0</td>
<td>74.7</td>
<td>71.9</td>
<td>- 4.1</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>44.7</td>
<td>42.7</td>
<td>28.7</td>
<td>- 16.0</td>
</tr>
</tbody>
</table>

Source: ICTWSS Version 5.0, own calculations
Notes:
* Single-employer bargaining (SEB) / Uncoordinated =1; Mixed, multi- and single-employer bargaining / weaker coordination =2; Multi-employer bargaining (MEB) / stronger coordination =3
^ Countries where arrangements changed

As noted above, for the coverage of workplace representation structures data for the EU 8+2 and therefore the EU-27 are only available for 2009 and 2013. Table 4 shows that WRS coverage amongst the EU-27 declined over this period, consistent with evidence of corrosion. For the EU-15, the figure for the earlier year of 2004 indicates no prior decline in WRS coverage; indeed it slightly increased between 2004 and 2009. The impact of eastern enlargement is evident, with coverage being lower amongst the EU 8+2 than amongst the EU-15. The gap between the two groups of Member State is, however, less marked than for the other two pillars, although the decline amongst the EU 8+2 is again greater than amongst the EU-15. The figures for the EU-15 suggest an impact from responses to the crisis in the period since 2009.

### Table 4: Universal workplace representation – corrosion?

<table>
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<th></th>
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</thead>
<tbody>
<tr>
<td>WRS coverage</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>% points</td>
</tr>
<tr>
<td>EU-27</td>
<td>--</td>
<td>57.9</td>
<td>53.7</td>
<td>- 4.2</td>
</tr>
<tr>
<td>EU-15</td>
<td>62.1</td>
<td>63.3</td>
<td>59.6</td>
<td>- 3.7</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>--</td>
<td>53.5</td>
<td>48.2</td>
<td>- 5.3</td>
</tr>
</tbody>
</table>

Source: ECS, own calculations from employee weighted data, kindly supplied by John Forth (NIESR) and Franz Eiffe (Eurofound) for the 2009 and 2013 surveys, respectively

Note: Workplaces employing 10 or more employees

Summing up, the evidence for corrosion in the three main pillars of European industrial relations is clear. The impact of the EU’s eastern enlargement is also very apparent. Neither organised interest representation, nor coordinated, multi-employer bargaining - and hence extensive collective bargaining coverage – became as well established in the EU’s post-socialist member states as they were in western Europe. Workplace representation structures became relatively better established, although coverage is still lower than amongst the EU-15. Moreover, corrosion of all three institutional pillars has been more rapid amongst the EU 8+2 than amongst the EU-15. These findings confirm the prescience of Meardi’s (2002) analysis which contended that the central eastern European countries constituted a ‘trojan horse’ towards the Americanisation of European industrial relations. The impact of responses to the crisis is most apparent on the collective bargaining and least on organised interest representation pillar, with workplace representation in between. There have been non-incremental changes to long established multi-employer bargaining arrangements, and associated stronger forms of coordination, in parts of western Europe, as well as to one of the few instances of coordinated, multi-employer bargaining amongst the EU 8+2, Romania (Marginson 2015). These changes are reflected in a decline of almost 7 percentage points (or over one-tenth) in collective bargaining coverage amongst the EU-27 between 2009 and 2013.
Greater heterogeneity across countries

Developments in the coefficient of variation, which measures cross-country heterogeneity, for organised interest representation are shown in Table 5. For EA membership there is no change between 2000 and 2013 for the EU-27. This, however, masks contrasting trends in the EU-15, where heterogeneity increased, and the EU8+2, where it decreased. For TU membership, the coefficient of variation increased between 2000 and 2013, indicating increased heterogeneity. Again, however, developments differ as between the EU-15, where heterogeneity increases slightly, and the EU8+2, where there is no clear trend. Comparing the EU8+2 with the EU-15, heterogeneity is greater for EA membership amongst the former, but less for TU membership. Insofar as heterogeneity of interest representation has increased amongst the EU-27, as for TU membership, eastern enlargement would not seem to be the source. Neither do responses to the crisis seem to have a discernible impact: changes between 2007 and 2013 are not consistently different from those between 2000 and 2007.

Table 5: Organised interest representation – greater heterogeneity?

<table>
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<tbody>
<tr>
<td><strong>EA membership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-27</td>
<td>0.38</td>
<td>0.39</td>
<td>0.37</td>
<td>No change</td>
</tr>
<tr>
<td>EU-15</td>
<td>0.22</td>
<td>0.26</td>
<td>0.26</td>
<td>↑</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>0.59</td>
<td>0.59</td>
<td>0.39</td>
<td>↓</td>
</tr>
<tr>
<td><strong>TU membership</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-27</td>
<td>0.55</td>
<td>0.61</td>
<td>0.66</td>
<td>↑</td>
</tr>
<tr>
<td>EU-15</td>
<td>0.53</td>
<td>0.55</td>
<td>0.55</td>
<td>(↑)</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>0.34</td>
<td>0.43</td>
<td>0.32</td>
<td>No trend</td>
</tr>
</tbody>
</table>

Source: ICTWSS Version 5.0, own calculations

The coefficient of variation cannot be calculated for ordinal measures, such as those calibrating CB structure and CB coordination. Instead, changes in the distribution between the three respective categories can be summarised. For CB structure, there is shift in the profile of the tri-modal structure amongst the EU-27 between 2000 and 2013. In 2000, 15 countries had predominantly multi-employer bargaining, whilst 8 had predominantly single-employer bargaining and 4 were mixed. By 2013 the respective figures were 12, 10 and 5, which translated into a more symmetric distribution between multi- and single-employer bargaining than in 2000. Over the period, the EU-15 became less uni-modal around multi-employer bargaining (13 out of 15 in 2000, 11 out of 15 in 2013), while the EU8+2 became more uni-modal around single-employer bargaining (6 out of 10 in 2000, 8 out of 10 in 2013). Uniformity amongst the EU-15 has decreased whilst amongst the EU8+2 it has increased. A somewhat similar picture is apparent for CB coordination’s tri-modal distribution, with a
shift from strong to weak or no coordination and weak to no coordination between 2000 and 2013 amongst the EU-27. In 2000, 13 countries were strongly coordinated, 7 weakly coordinated and 5 not coordinated. By 2013 the respective figures were 11, 6 and 8. Over the period, the EU-15 became slightly less characterised by strong coordination (10 out 15 countries in 2000, 9 out of 15 countries in 2013), while the EU8+2 became more characterised by no coordination (4 out of 10 countries in 2000, 6 out of 10 in 2013). Again, uniformity amongst the EU-15 has decreased, whilst amongst the EU8+2 it has increased.

Table 6 shows changes in the coefficient of variation for the third measure of collective bargaining, CB coverage. Amongst the EU-27 the coefficient increased between 2000 and 2013, indicating greater heterogeneity. The relevant rows of the table show that heterogeneity has increased amongst the EU-15. There is no clear trend amongst the EU8+2, the coefficient of variation is smaller, and heterogeneity less, in 2013 than in either 2000 or 2007. Even so, the magnitude of the coefficient of variation is markedly higher amongst the EU8+2 than amongst the EU-15, indicating greater heterogeneity amongst the former than amongst the latter (albeit the gap may be narrowing). Changes between 2007 and 2013 are greater than those between 2000 and 2007, suggesting an impact from responses to the crisis.

Table 6: Coordinated collective bargaining – greater heterogeneity?

<table>
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<tbody>
<tr>
<td>CB coverage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU-27</td>
<td>0.40</td>
<td>0.44</td>
<td>0.51</td>
<td>↑</td>
</tr>
<tr>
<td>EU-15</td>
<td>0.23</td>
<td>0.25</td>
<td>0.31</td>
<td>↑</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>0.63</td>
<td>0.68</td>
<td>0.55</td>
<td>No trend</td>
</tr>
</tbody>
</table>

Source: ICTWSS Version 5.0, own calculations

Turning to workplace representation, where data are only available for 2009 and 2013 for the EU-27 (and EU8+2). Table 7 shows that the coefficient of variation amongst the EU-27 increased between these two years, indicating increased heterogeneity. The same holds for the EU8+2. For the EU-15, data are also available for 2004, and the table shows that the coefficient of variation, and hence heterogeneity, increased both between 2004 and 2009 and 2009 and 2013. Eastern enlargement would not seem to have had a strong impact: growth in heterogeneity amongst the EU8+2 is greater than that amongst the EU-15 between 2009 and 2013; on the other hand the coefficient of variation was lower amongst the EU8+2 in 2009 than amongst the EU-15, with greater subsequent change closing the gap. For the EU-15, there is no discernible impact from responses to the crisis.
Table 7: Universal workplace representation – greater heterogeneity?

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2009</th>
<th>2013</th>
<th>Change 2009-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WRS coverage</strong> CoV</td>
<td>CoV</td>
<td>CoV</td>
<td>CoV</td>
<td>↑</td>
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<tr>
<td>EU-27</td>
<td>--</td>
<td>0.28</td>
<td>0.39</td>
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</tr>
<tr>
<td>EU-15</td>
<td>0.31</td>
<td>0.34</td>
<td>0.37</td>
<td>↑</td>
</tr>
<tr>
<td>EU 8+2</td>
<td>--</td>
<td>0.22</td>
<td>0.36</td>
<td>↑</td>
</tr>
</tbody>
</table>

Source: ECS, own calculations from employee weighted data, kindly supplied by John Forth (NIESR) and Franz Eiffe (Eurofound) for the 2009 and 2013 surveys, respectively

Note: Workplaces employing 10 or more employees

In sum, there is clear evidence that heterogeneity has increased, and common features become less apparent, for coordinated collective bargaining and workplace representation structures, but only for the TU membership dimension of organised interest representation. There are striking contrasts between the EU-15 and the EU8+2, with developments amongst the former corresponding to increased heterogeneity but those amongst the latter amounting to the opposite. Amongst the EU-15 common features have become less apparent, and heterogeneity increased, across all three dimensions and each of the indicators (albeit the increase in heterogeneity for TU membership is small). For the EU8+2, increased heterogeneity is only apparent for workplace representation structures. In contrast, a decrease in heterogeneity, meaning that common features have become more apparent, is evident for several indicators: EA membership, CB structure (more uniformity around single-employer bargaining); CB coordination (more uniformity around no coordination); CB coverage (lower coefficient of variation in 2013 than in either 2000 or 2007). Low levels of EA membership, single employer bargaining, no bargaining coordination and low bargaining coverage are becoming more apparent as common features amongst the post-socialist countries member states. Finally, an impact from responses to the crisis is only evident for coordinated collective bargaining.

Outcomes: Wage inequality

Growth in wage inequality is potentially linked to a number of factors of which institutional arrangements for wage setting are just one. Others include the changing composition of the workforce, changes in educational attainment and changes in skill levels (Salverda et al. 2014). Nevertheless, collective bargaining has been shown to have a clear equality effect, with wage inequality being less where collective bargaining coverage is higher (Hayter 2015). Given that collective bargaining coverage is substantially higher under coordinated, multi-employer than under single-employer bargaining, bargaining structure also has an equality effect: wage inequality is less under the former than the latter (Keune 2015). Coordinated collective bargaining, therefore, is crucial for equality of wage outcomes.

For an assessment of developments in wage inequality, as indicated earlier, the thirty country GINI project examining developments in inequality since the 1980s (Salverda et al. 2014) is drawn on, supplemented by findings from Dreger et al. (2015). On the basis of the GINI country studies
compiled for each of 25 EU countries, Bogliacino and Maestri (2014) review developments in wage inequality over the 1990s and 2000s and summarise their findings in a table (see Table 8). The table shows a growth in wage inequality in the great majority of countries (17 out of 25), with a decrease in just three and stability or no clear trend in a further five. Amongst the countries where wage inequality has grown, Bogliacino and Maestri report differences in the rate of increase, which has been relatively less in western continental countries such as Austria, France and the Netherlands, higher amongst the Nordic countries, and higher still amongst the Visegrad countries and in the UK. Although wage inequality has increased in countries with both multi- and single-employer bargaining structures, the fastest growth is amongst the countries with single-employer bargaining structures. Also the only three countries reporting decreased wage inequality all had multi-employer bargaining structures.

Table 8: Trends in wage inequality during the 1990s and 2000s

| Increasing | AT BG DK FI FR HU IT LU NL PL PT RO SE SI SK UK |
| Stable and/or unclear trend | BE DE EE LV LT |
| Decreasing | EL ES IE |

Source: Bogliacino and Maestri (2014) Table 2.2

The GINI project’s data does not extend into the current decade. A recent analysis of findings from the EU Survey on Living and Working Conditions for 2006 and for 2011 (Dreger et al. 2015) allows some assessment of the impact of the crisis on wage inequality. In two-thirds of countries earnings inequality had increased between the two years: this was so in 18 of the 26 EU member states for which data were available (in both years), whereas in the other 8 countries it had decreased. A relationship with bargaining arrangements was again apparent: with one exception, Romania, the eight countries in which wage inequality had decreased all (continued to) have multi-employer bargaining arrangements.

Overall, continued growth in wage inequality through the 2000s and into the current decade is consistent with the weakening of coordinated, multi-employer bargaining structures and the decline in collective bargaining coverage reported above. Also multi-employer bargaining would appear to act as a brake on the growth of wage inequality as compared with single-employer bargaining.

Underlying dynamics of European integration

At an underlying level, two sets of dynamic process help account for the paradoxical effect that European industrial relations has become more fractured as European market and economic integration has progressed. The first arises from the asymmetric nature of the impact of market and economic integration on national economies and their labour markets, whilst the second concerns the changing (im)balance between negative and positive integration measures in favour of the former.

Asymmetric impacts

A first type of asymmetric impact flows from differences in competitiveness and, relatedly, trade balance across countries within Europe’s single market. Within the Eurozone such differences are
reflected in differing pressures as between countries for structural adjustment to improve competitiveness via internal devaluation, involving reduction of costs and/or improvement of productivity. This has translated into differing pressures for structural reform of labour markets and industrial relations, viewed as central to securing internal devaluation by the European institutions and some national governments (Schulten and Mueller 2013). The pressure for such structural reforms has been intense amongst the troika countries, as a mandatory condition of financial assistance from the European and international institutions (see below). With the important exceptions of Italy and Spain, where strong pressure was exerted by the ECB in return for supportive actions in the (government) bond market (Meardi 2014), pressure elsewhere has come in the form of country specific recommendations on labour market regulation, notably wage setting mechanisms, under the EU’s New Economic Governance (NEG) (see below). This ‘softer’ pressure for structural reform has been more evident amongst countries where ULCs are relatively high, and hence experiencing problems of competitiveness, than amongst countries where ULCs are relatively low (Marginson and Welz 2015). For example, Belgium and Italy, where ULCs are relatively high, have received country specific recommendations concerning their wage-setting mechanisms, whereas Germany, the Netherlands and Slovakia, where ULCs are lower, have not.

Amongst the countries which are not part of the Eurozone, pressure for internal devaluation and hence structural reform is rather weaker in the face of problems of competitiveness and with the trade balance. This is because of the availability of currency devaluation and interest rate changes as alternative adjustment mechanisms. Accordingly, these countries are less likely to be the object of the ‘softer’ pressure for structural reform under the EU’s NEG than their counterparts in the Eurozone. Just one of the nine countries which are not part of the Eurozone has received a country specific recommendation on labour market regulation, namely Croatia. In comparison, and setting aside the troika countries where the agreements with the European and international institutions supersede the NEG arrangements, five of the remaining fourteen Eurozone countries have received country specific recommendations on their wage-setting mechanisms (updated from Marginson and Welz 2015).

A second type of asymmetric impact arises from the different configuration of ULCs in (different) groups of countries, even if ULCs are broadly equivalent. Equivalence can arise from very different combinations of labour costs and productivity: relatively low labour costs in conjunction with relatively low productivity can generate similar ULCs to relatively high labour costs in the presence of relatively high productivity. As a result of different ULC configurations, countries and their national economies are differentially exposed to different types of internal (within the EU) and external (to the EU) competitive threats.

There is a broad division of labour within Europe’s single market between countries whose economies are based on high value-added, capital intensive production, high levels of skill, high wage (and labour) costs and high productivity, and those whose economies rest on lower value-added, less capital intensive production, lower levels of skill, lower wage (and labour) costs and lower productivity. The former countries are generally located in northern Europe, and include the Nordic countries, Germany, the Netherlands and also France. Countries where production is based on lower value-added activity fall into two main geographical groups: southern Europe, including Spain, Portugal and Greece; and central eastern Europe. Italy and the UK occupy intermediate positions. For an elaboration, drawing on data from Eurostat, the US Department of Labor and the
OECD, see Dølvik and Marginson (2016). An important consequence is that these different groups of national economies are differently positioned in international production chains and are not mainly competing in the same market segments. Changes in competitive conditions in markets for high value-added goods and services, for example, are more likely to bring pressure to bear on costs and labour market regulation in the northern countries in which such production is concentrated than amongst the southern and central eastern countries. Alternatively, the effects of intensification of competition in markets for lower value-added products and services from newly industrialising countries where wage costs are low is more likely to be a source of pressure on costs and labour market regulation amongst the southern and central European, than northern, countries.

Nonetheless, there can be destabilising effects across groups of countries, as configurations of skills, costs and productivity change. Within Europe’s single market, the most evident destabilising effects over the past decade and more have come from the integration of the central eastern European countries, characterised by relatively low wage costs, but reservoirs of skilled labour in several and rising productivity in some, notably the four Visegrad countries. Amongst the southern countries, the effects of competition from central eastern Europe in some labour intensive sectors have been severe (Meardi 2014). Amongst the northern countries, there has been considerable relocation of lower value-added elements of production to central eastern Europe, together with pressure on labour costs and regulation from the threat of further relocations (Meardi et al. 2009). The different nature of the effects flowing from eastern enlargement as between northern and southern countries has, in turn, contributed to growing heterogeneity in industrial relations amongst the EU-15.

The ‘division of labour’ asymmetry is additionally related to patterns of trade within Europe’s single market. For most countries, two or three – often neighbouring – countries account for more than half of their exports elsewhere in the EU (Dølvik and Marginson 2016). In other words, trade is geographically clustered. Furthermore, the geographical patterns of trade within the single market reflect the broad division of labour between the respective groups of countries focusing on high and lower value-added production. For example, the northern economies typically trade more intensively with each other than they do with southern or central eastern countries: the Nordic economies export eight to ten times more to other northern countries than they do to southern countries (including Italy), for the Netherlands the figure is six times and for Germany four times (Dølvik and Marginson 2016). Changes in competitive conditions amongst these countries are, as a consequence, more likely to bring pressure to bear on costs and labour market regulation in these same countries than changes elsewhere in the EU.

Overall, differences or asymmetries in economic parameters and performance between countries mean that pressures for reform of labour market regulation and industrial relations institutions varies considerably as between countries. Moreover, because economies are differently positioned in production chains and, relatedly, exhibit different ULC configurations, competitive pressures on regulation and institutions tend to be focused amongst groups or clusters of countries rather than being pan-European. This also means that the impact of eastern enlargement has differed between differing clusters of economies within the EU-15.

The (im)balance between negative and positive integration measures

The process of European economic and market integration has, since at least the EU’s embrace of the project to create the single market in the mid-1980s, been driven more by ‘market-making’, or
negative, integrative measures than by ‘market-correcting’, or positive, ones (Streeck 1995). Market-
making measures have triggered negative spillover in the form of downwards pressure on existing
national standards and the undermining of national institutions, which has only been (at best)
partially offset by market-correcting measures involving the creation of common, European
standards and the establishment of new, European-level institutions. Over the past decade and a
half this imbalance has shifted even further towards negative, and away from positive, integration
measures. This further shift has been accentuated both by eastern enlargement of the EU and by the
nature of the responses to the crisis pursued by the European authorities and some national
governments.

Eastern enlargement has been the source of significant downwards pressure on employment
standards and labour market regulation in the EU’s pre-existing member states (the EU-15), through
stimulating the contrasting flows of efficiency-seeking foreign direct investment and/or outsourcing
of production through sub-contracting from west to east, and of labour, either directly in the form of
migration, or indirectly through posting workers to other countries, from east to west (Meardi
2012). Pressures from the former, and those stemming from multinational companies’ allied use of
the threat to relocate from west to east, have accelerated the spread of concession bargaining and
agreements which bring a deterioration in terms and/or conditions at affected sites (Raess and
Burgoon 2006), and significantly contributed to the proliferation of opt-out clauses and derogations
in multi-employer agreements at sector and cross-sector levels, rendering the universal standards
hitherto specified increasingly perforated (Marginson 2015). Pressures from migration include
downwards pressure on established terms and conditions, in part because of the preparedness of
migrants to work on terms and conditions which were above those on offer at home if below those
prevailing in the destination country, and in part because of greater difficulties in enforcing the
terms of sector agreements given the challenge of organising and representing such workers (Friberg
et al. 2014; Refslund 2016). In the case of posting, issues of organisation and enforcement are if
anything even more daunting and the European legislative framework places stringent conditions on
the ability to enforce the standards specified in sector agreements.

Adding to the downwards pressure triggered by eastern enlargement have been the rulings of the
European Court of Justice in the so-called ‘Laval Quartet’ of cases (Dølvik and Visser 2009). The cases
involved rulings on the relative status of the EU’s fundamental freedoms of movement and service
 provision and national frameworks of labour rights and institutional arrangements. The effect of the
rulings, which in general terms upheld the former to the detriment of the latter, is to have qualified
the operation of long-established national conventions in some countries, disrupted the effective
functioning of the institutions involved and legitimised the downwards pressures on national
standards and institutions that can flow from the unrestrained exercise of the two fundamental
freedoms (Roennmar 2016). Moreover, two of the issues at stake – collective wage bargaining and
industrial action – are ones over which the EU’s polity has no competence under the EU’s
Constitutional Treaty. Hitherto, these had been presumed to the prerogative of the member states.

The structural reforms to labour market regulation and industrial relations prescribed by the
European authorities and some national governments as an essential element of the response to the
 crisis are predicated on the exercise of downwards pressure on existing standards. The objective is
to facilitate the translation of the pressures on national economies from economic and market
integration into downward adjustments in wages and working conditions by weakening national
standard-setting mechanisms and labour market and industrial relations institutions (Marginson and Welz 2015; Schulten and Mueller 2013). To the (considerable) extent that the process has been driven by the EU and extended its intervention beyond its formal competence in the field of industrial relations, the negative effects of European integration no longer constitute ‘an unwarranted spin-off from a process otherwise designed to protect national sovereignty but [are] an integral part of the EU’s policy design’ (Dawson 2011: 28 cited in Koukiadaki et al. 2016). Two types of mechanism have been utilised to secure the structural reforms prescribed: ‘emergency’ and ‘ongoing’.

The emergency mechanism rests on the use of conditionality by the troika of European and international institutions to require labour market and industrial relations reform as part of the agreements with national governments, so-called ‘Memoranda of Understanding’, governing the financial assistance packages for the countries concerned. In addition, the ECB deployed conditionality, in securing commitments to certain structural reforms, in the case of supportive intervention in financial markets for Italy and Spain (Meardi 2014). The impact on industrial relations institutions and standard-setting arrangements amongst these countries has been extensively documented, and includes measures to: decentralise collective bargaining to company level (abolition or restriction of bargaining at cross-sector and/or sector levels; suspension or inversion of the favourability principle; expansion of possibilities for derogations and opt-outs from cross-sector and/or sector agreements); decrease the coverage of collective bargaining (removing or restricting extension mechanisms; removing or restricting continuation of agreements after expiry); weakening the ability of trade unions’ to act as the bargaining agent for workers; weakening arbitration mechanisms and restricting the use of industrial action (Marginson 2015; Molina 2014; Koukiadaki et al. 2016).

The ongoing mechanism is the EU’s New Economic Governance (NEG) arrangements introduced in 2011 in response to the macro-economic challenges, and imbalances, generated by the crisis, amongst the Eurozone countries in particular. Under the NEG, collective wage setting mechanisms as well as wages policy are brought firmly within the ambit of EU policy and possible intervention. Reinforced powers involving routine surveillance of wage and labour cost developments, and unit labour costs, have been accorded to the European Commission, which can identity collective wage-setting mechanisms amongst possible corrective measures that can be required in the case of macro-economic imbalances in Eurozone countries (Erne 2012). Further, the country specific recommendations (CSRs) that are adopted by the Commission as part of the annual macro-economic planning cycle, can – and do – address collective wage-setting mechanisms and wages policy. In essence the governance mechanism involved under the NEG rests on a combination of the monitoring of a battery of indicators including labour-related ones, cross-country comparison of the results aimed at inducing performance-enhancing change, and ‘best practice’ (so-called country specific) recommendations to steer such change in directions desired by the European authorities. ‘It has much in common with the corporate structures of multinational companies that control notionally autonomous subsidiaries through coercive comparisons based on centrally chose performance indicators’ (Erne 2015: 349). Analysis of the CSRs concerning collective wage-setting mechanisms reveal the policy template driving the NEG regime: this is to flexibilise wage-setting mechanisms through (further) decentralisation of wage bargaining, abolition of wage indexation mechanisms and abolition of clauses providing for continuation of agreements after expiry (Marginson and Welz 2015).
The overall impact of recent EU intervention in member states’ industrial relations, through both the emergency and ongoing mechanisms aimed at coercing or inducing structural reform, but also the ECJ’s rulings in the Laval Quartet, is to have placed constraints on the autonomy of national institutions and thereby also on the capacity of employers’ organisations and trade unions to regulate the labour market (Koukiadaki et al. 2016). In short, associational governance at national level has been undermined as a result of the further emphasis on negative integration measures.

In contrast, positive or market-correcting integration measures aimed at mitigating the above negative effects, which were always comparatively weaker (Streeck 1995), have faded even further from view. The high water mark of positive integration measures was reached with the programme for a social dimension to accompany the creation of the single market, proposed by the Commission and adopted by the EU in the late 1980s (Hall 1994). This resulted in the enactment through the 1990s of measures establishing common minimum standards on a range of employment and working conditions and the creation of new transnational industrial relations structures, notably European Works Councils, and also the institutionalisation of social dialogue as a formally recognised governance mechanism for labour market policy and industrial relations. Subsequently, however, no parallel initiatives towards augmenting the social dimension were initiated either to accompany the deeper integration introduced by Economic and Monetary Union from 1999, so as to mitigate the effects on labour market regulation, or to address the challenges entailed by eastern enlargement, which brought into the EU a group of countries with markedly lower living standards, incomes and labour costs than those prevailing amongst the EU-15.

Instead, since the early 2000s labour market regulation and industrial relations institutions at EU-level have been weakened rather than strengthened. The past decade and a half have seen a shift in preferred regulatory mechanism away from use of the Community method (law) and, subsequently, social dialogue in favour of market-imitating mechanisms involving monitoring of and benchmarking against key indicators and target setting in order to induce regulatory change (Erne 2015). Such mechanisms were originally introduced into a new domain of EU competence, employment policy, in the late 1990s (Goetschy 2001) in the shape of the so-called Open Method of Coordination. Following the onset of the crisis industrial relations has now become subject to the market-imitating mechanism of the NEG, as described above. Since around 2000, few proposals for legislative measures have been proposed by the Commission. Instead existing instruments have been subject to review. Although couched in the language of promoting smart regulation, an important rationale for the Commission’s REFIT programme examining the efficacy and consistency of regulatory measures concerning all aspects of economic activity, including industrial relations, is to reduce the burden of regulation on business. As such it threatens to weaken institutions and existing regulatory provisions at EU-level (Van den Abeele 2014). Concerning social dialogue, support and resources from the Commission, which have been crucial to its effective functioning (Pochet et al. 2009), have been reduced since the late 2000s.

There are, however, recent signs that this trajectory could change. In early 2015, the European Commission announced its commitment to relaunching social dialogue as an effective governance mechanism. The concrete steps which might accompany this remain as yet unclear. Subsequently, the Commission announced a proposal to codify a European pillar of social rights, with the aim of strengthening these as a necessary complement to the NEG. Its relationship to existing EU law is, however, unclear (Roennmar 2016) and there are concerns that the outcome could be to qualify
current collective and individual labour law protections in the pursuit of improved competitiveness (Schoemann and Loercher 2016).

Overall, if the closure at national level which underpinned industrial relations has been undermined by market-making measures, it has only been partially re-established at EU-level given the insufficiency of market-correcting measures. Moreover, since 2000 impetus towards further positive integration measures has faded to the point where nascent associational governance at the EU-level, in the form of social dialogue, has itself been weakened.

What might be done?

Reversing, or attenuating, the fracturing of European industrial relations calls for steps to reinvigorate the institutional pillars of industrial relations. Insofar as such steps promise to renew the basis for associational governance, as an alternative to market-based governance, characterised by unilateral employer regulation, and/or state governance, and a corresponding lack of autonomy for employers’ organisations and trade unions, they constitute an end in themselves (Crouch 2015). In addition, reinvigoration of the institutional pillar of coordinated, multi-employer collective bargaining in particular is probably integral to reducing inequality of outcomes in terms of wages and conditions (Hayter 2015).

Towards these ends, the following proposals represent a non-exhaustive set of suggestions towards renewing or reinforcing each of the three institutional pillars at national level and also at EU-level. The relevance of the former differs as between countries. The latter are in recognition of the effects of European market and economic integration in undermining national institutions and regulation whilst only partially creating parallel phenomena at EU-level.

Starting with the national level and organised interest representation, where membership of employers’ organisations and trade unions is relatively low there needs to be public policy support, and public resources, for capacity building initiatives aimed at strengthening the organisational base of these representative organisations and their ability to represent and act in the interests of their respective constituencies. These could build on the experience of the capacity-building programmes for social partner organisations amongst countries in the process of acceding to the EU, provided by the European Commission with the participation of some national administrations. On the union side, there is already growing emphasis, and expenditure of resources, on organising across countries (Waddington 2014): this too could be supported by the public authorities. Also, where state supports for collective organisation have been removed, this should be reversed. Such instances include those where trade unions’ prerogative to conclude collective agreements with employers has been diluted by additionally conferring the right on unorganised groups of employees (who lack independent status and resources), as in Greece and Romania (Koukiadaki et al. 2016).

There are a number of measures which if taken would have the effect of reinvigorating coordinated collective bargaining (Marginson 2015). These include strengthening state supports for collective bargaining, such as legal mechanisms for the extension of collective agreements, the strengthening of inspection regimes to improve enforcement of agreements in less well organised sectors and the use of clauses upholding collective agreements in public procurement. Conversely the recent weakening of state supports amongst the troika countries but also elsewhere (Marginson and Welz 2015) needs to be reversed. Under multi-employer bargaining arrangements, decentralising
measures aimed at opening up greater scope for bargaining at company level need to be consistent with and not corrosive of coordination. Proliferation of opt-outs and derogations, for instance, renders sector (and cross-sector) agreements increasingly perforated thereby rendering the universal standards established ineffective. One alternative route to decentralisation is for sector (and cross-sector) agreements to continue to establish the main substantive parameters (for pay, working time, holidays etc.) and to delegate operationalisation and implementation to negotiation at company level (Marginson 2015). Where single-employer bargaining prevails, state mechanisms could be mobilized to secure adherence to universal standards. For working time and holidays, the EU’s working time directive and associated national transposition legislation does this, albeit with the lacuna of the UK’s opt-out from the 48 hour maximum (possibly to be resolved by a Brexit which takes the UK out of the single market). Public procurement could be used to promote and enforce standards such as those on equal treatment at work.

Concerning the universal right to representation at the workplace, in countries where diffusion of representation structures is low, capacity-building initiatives are needed to foster their establishment and subsequent effective functioning, thereby facilitating their continuation (Adam et al. 2016). Tightening the relevant EU directive (see below), so as to require changes in the national legislation transposing it in some countries where diffusion rates are low, could prompt increased uptake.

At EU-level, the capacity of employers’ organisations and trade unions needs to be augmented to enable them to coordinate, act and steer as a European-level counter-weight to the increased scope for intervention that the NEG opens up for the European authorities. This includes an enhanced role in the annual economic planning cycle that, amongst other things, results in country specific recommendations. Strengthening the authority of European-level employer and trade union organisations viz-a-viz the European institutions may also involve them being given a broader mandate by their national counterparts.

Renewal of social dialogue as a governance mechanism, as committed to by the European Commission in early 2015, needs European employers’ organisations and trade unions to be provided with the resources required to ensure its effective, autonomous functioning. It should also entail a reawakening of its role as source of regulation. This could include initiatives towards providing a more complete floor of minimum standards, in combination with new legislative measures. One priority is the establishment of some form of European minimum wage standard (Schulten et al. 2015); so too is a tightening of the working time directive to remove the generalised opt-out from the 48 hour limit. Realisation of the principle of universal representation at the workplace could be facilitated by tightening the EU’s 2002 national information and consultation directive in order to promote wider diffusion of such arrangements in countries where there is low uptake. Possible measures include the specification of a statutory fall-back model (or models) which can act as a benchmark, as is the case for European Works Councils, and removing scope for so-called pre-existing agreements to be concluded subsequent to the legislation having come into force (Hall and Purcell 2012).

More broadly, a major initiative is needed to address the imbalance between negative integration measures and positive ones, and to reverse the further shift in favour of the former. This could be achieved by enacting a social progress clause, as proposed by ETUC (2015). Such a clause would
accord social (including collective employment) rights equivalent status to the four fundamental market freedoms. An alternative to securing a measure of reverse travel is proposed by Dølvik and Visser (2009), in addressing the trilemma between market freedoms, social rights and also equal treatment. This is to give primary standing to equality of treatment in a way which upholds the existing architecture of national institutions and regulation. This would entail, for example, posted workers being engaged, and public service contracts being awarded, on the same terms and conditions as those prevailing locally in the country concerned. Implementing either would also change the basis on which the ECJ determines cases involving tensions between market freedoms and social rights. In the absence of such a landmark initiative, it is not only the industrial relations dimension of Europe’s social model that will be at risk of further fracturing but also the social cohesion which underpins economic and market integration itself.
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References


