



# **Has Europe Redrawn the Boundaries of Solidarity?**

**Some reflections on labour relations and options for the future**

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**Jelle Visser**

**Amsterdam Institute of Advanced Labour Studies**

***University of Amsterdam***





## **1) Three major shocks**

- ❖ **Single European Act (1986) – Europe 1992**
- ❖ **Maastricht (1993) and EMU**
- ❖ **Fall of Communism and Enlargement**

## **2) The exhaustion of the two-track approach to European integration**

## **3) The pressure on Labour - not only from Europe**



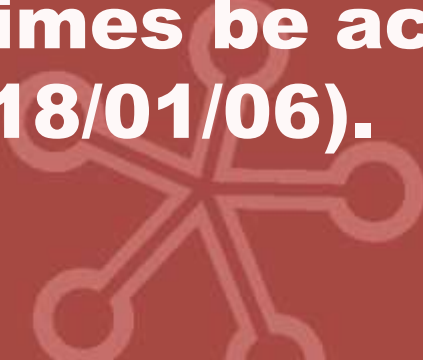
## **4) Three EU responses**

- ❖ **European Social Dialogue – an empty shell?**
- ❖ **EU labour legislation – making things worse?**
- ❖ **EU collective bargaining – a no go area?**

## **5) Conclusions: what options for the future**



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- ❑ **European integration developed since 1950s along dual track (Ferrera, 2005)**
    - ❖ **Economic integration based on opening of boundaries, making citizens, producers and workers equal for commercial purposes**
    - ❖ **Member states can keep for themselves the organization of social solidarity based on national demarcations and political closure**
  - ❑ **This dual track approach worked well in the 1950s and 1960s, but is in difficulty since the new phase in integration**
  - ❑ **MS: autonomy reduced, sovereignty subject to limits imposed by EU competition and coordination regime, and by EJC**
  - ❑ **Growing political opposition – EU seen as threat to welfare state and sovereignty**

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- ❑ **When the European Parliament recently voted against the liberalization of European ports, after Euro-wide union protest, the *Financial Times* commented that would-be providers of port services could still bring suit under existing EU-Treaty provisions guaranteeing the freedom of services and concluded: “What cannot be achieved legislatively can sometimes be achieved judicially” (editorial, 18/01/06).**



# The popular view

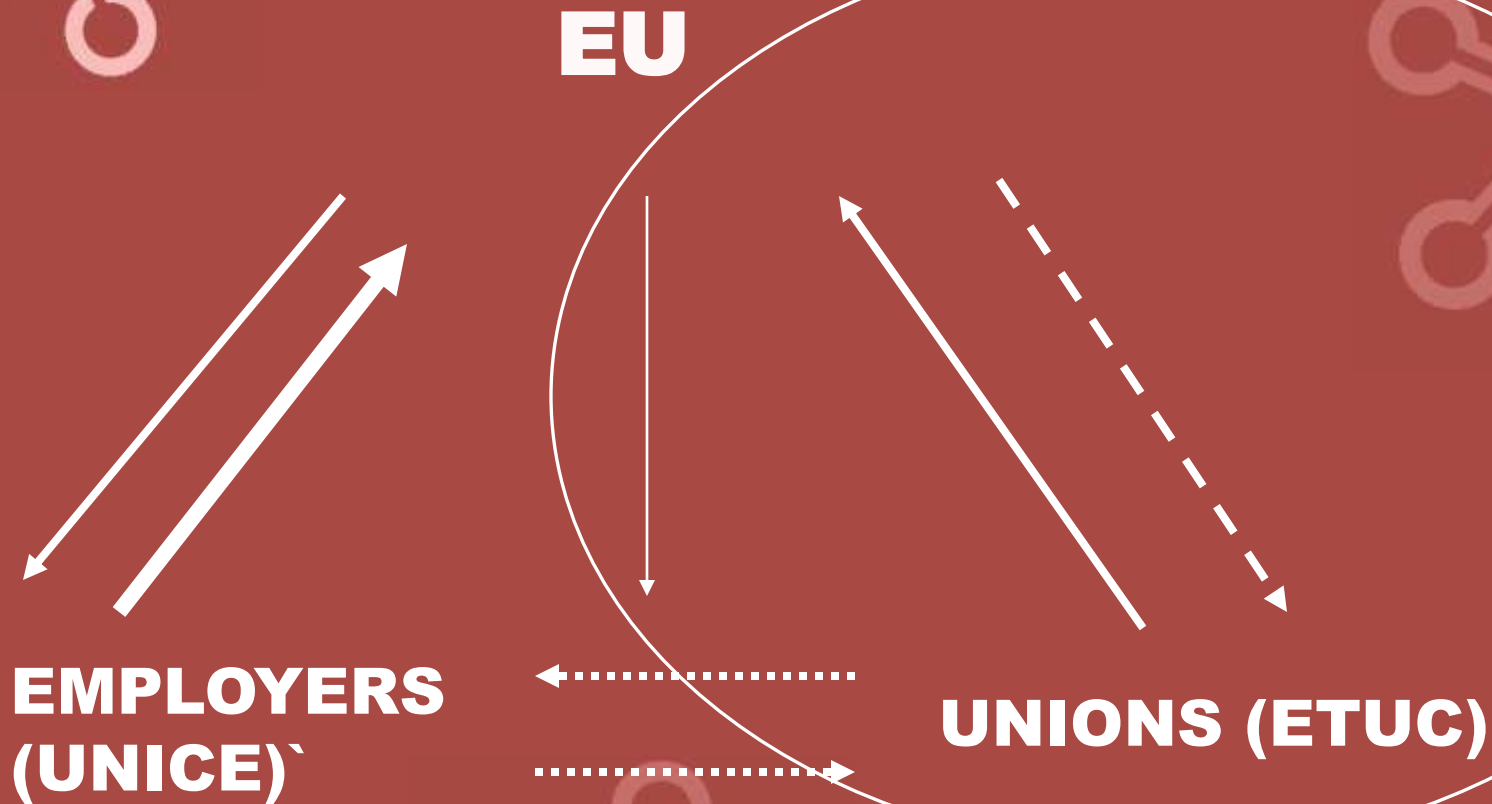
- ❑ **Large majorities of European, including Eastern Europe and UK, support the welfare state (research Van Oorschot)**
- ❑ **Majority of EU citizens agree with statement that “EU brings more benefits than costs” (including Netherlands – 71% - and France –51%)**
- ❑ **But support for European integration has declined (Eurobarometer)**
- ❑ **More than half of EU (25) citizens are afraid that European integration may water down social solidarity and take away social benefits**
- ❑ **Most citizens are jealous of the decision power of their governments in core areas of social protection and labour regulation**



# Social Dialogue

- ❑ **Social dialogue = legal and political support for consultation between business and labour and institutional support for mutual negotiation**
  - ❑ **Social Dialogue is anchored in Treaty since Maastricht and Amsterdam (art. 138 and 139: co-legislative role)**
  - ❑ **Social Dialogue has been exported to ex-Communist countries, but is thin on the ground**
  - ❑ **Something is wrong .....**
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# EUROPEAN SOCIAL DIALOGUE



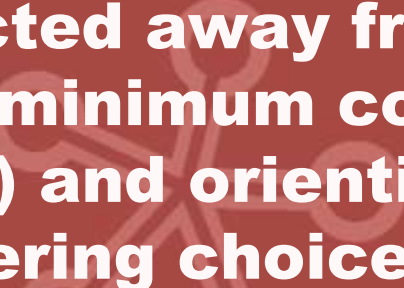


# Social Dialogue

- ❑ **Employers don't play – except under pressure and they have a cheap exit strategy: non-organization**
- ❑ **“Unless unions are able to countervail capital exit threats and manage to underpin demands by transborder mobilisation and solidarity...”  
(Dolvik)**
- ❑ **It is easier for ETUC to act as political lobby than to organize industrial action or bargaining**
- ❑ **Social dialogue typical for weak state without democracy needing support and legitimacy from interest groups (Commission is like Bismarck, but without power of delivery)**



# EU Labour Law / Regulation

- ❑ **especially in 1970s and 1990s**
    - ❑ **Equal pay/ opportunity**
    - ❑ **Health and safety**
    - ❑ **Contractual information**
    - ❑ **Collective redundancies**
    - ❑ **Working time**
    - ❑ **Maternity leave, parental leave, part-time work, fixed-term employment**
    - ❑ **Posted workers**
    - ❑ **EWC, and consultation in national firms**
  - ❑ **But redirected away from harmonization (stipulating minimum conditions for ‘mutual recognition’) and orientation to ‘modernizing labour market’, offering choice and accommodate SME**
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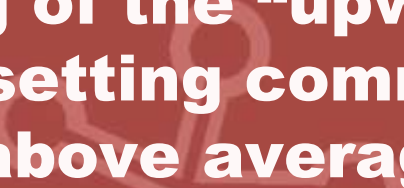


# EU Labour law

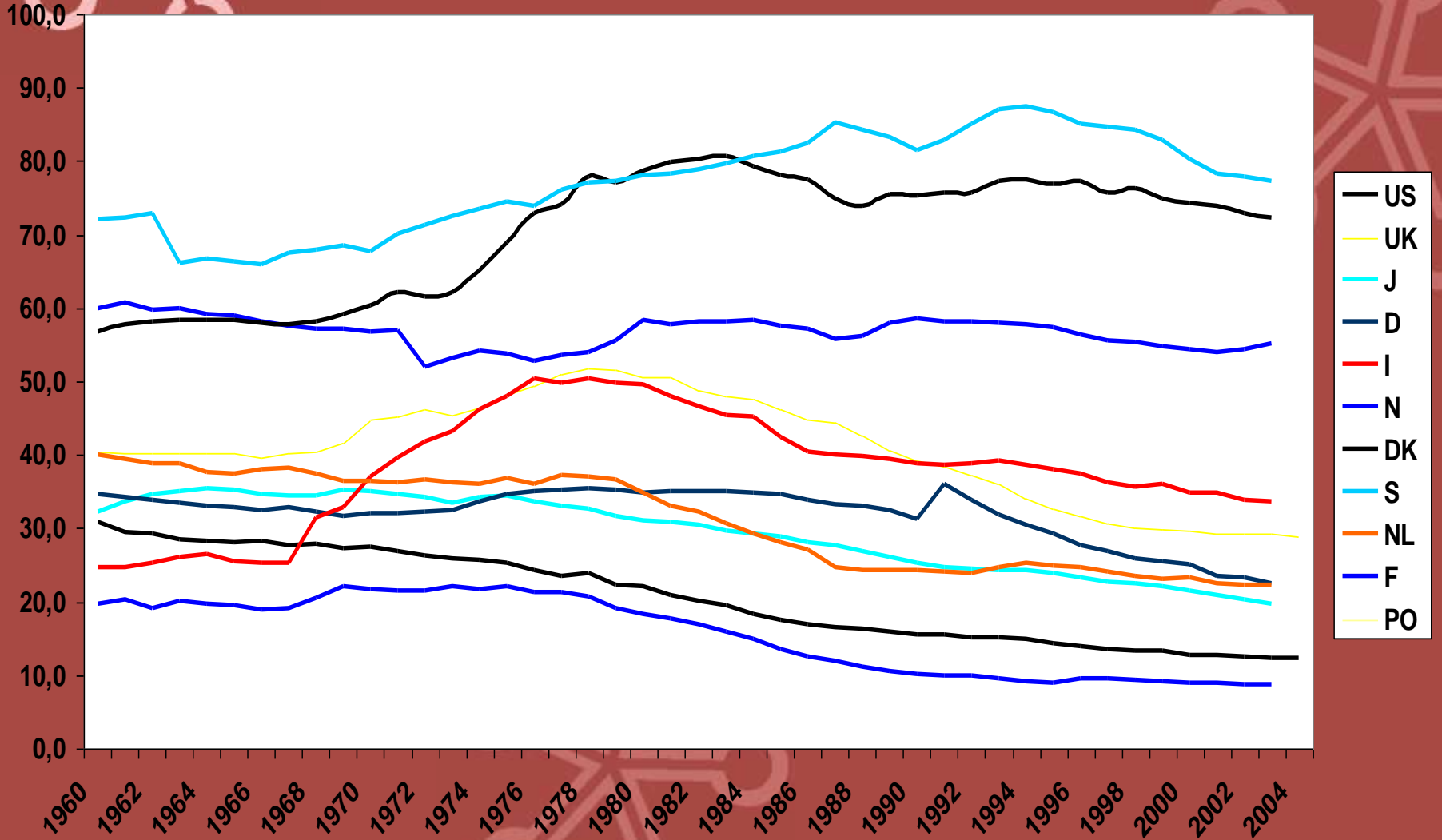
- ❑ **“In Communitarian law, workers’ protection is no longer a value in itself, unquestionable good: it is an option that law requires us in some measure to justify (Ichino, 2005)**
  - ❑ **verification of effective outcomes**
  - ❑ **rationale legal intervention = not “equalisation of reward”, but maximize potential available for distribution and equalize opportunity (reduce exclusion)**
  - ❑ **non-binding rules (codes of conduct) less costly and hence more effective? (Collins)**
  - ❑ **Optouts from standards: collective or individual (UK).  
Ex.: Working Time directive**
- ❑ **But choice is national: EU law permits to restore principle of territorial integrity only if national and non-nationals are treated equally and there is no unreasonable obstacle to competition (judicial review EJC)**



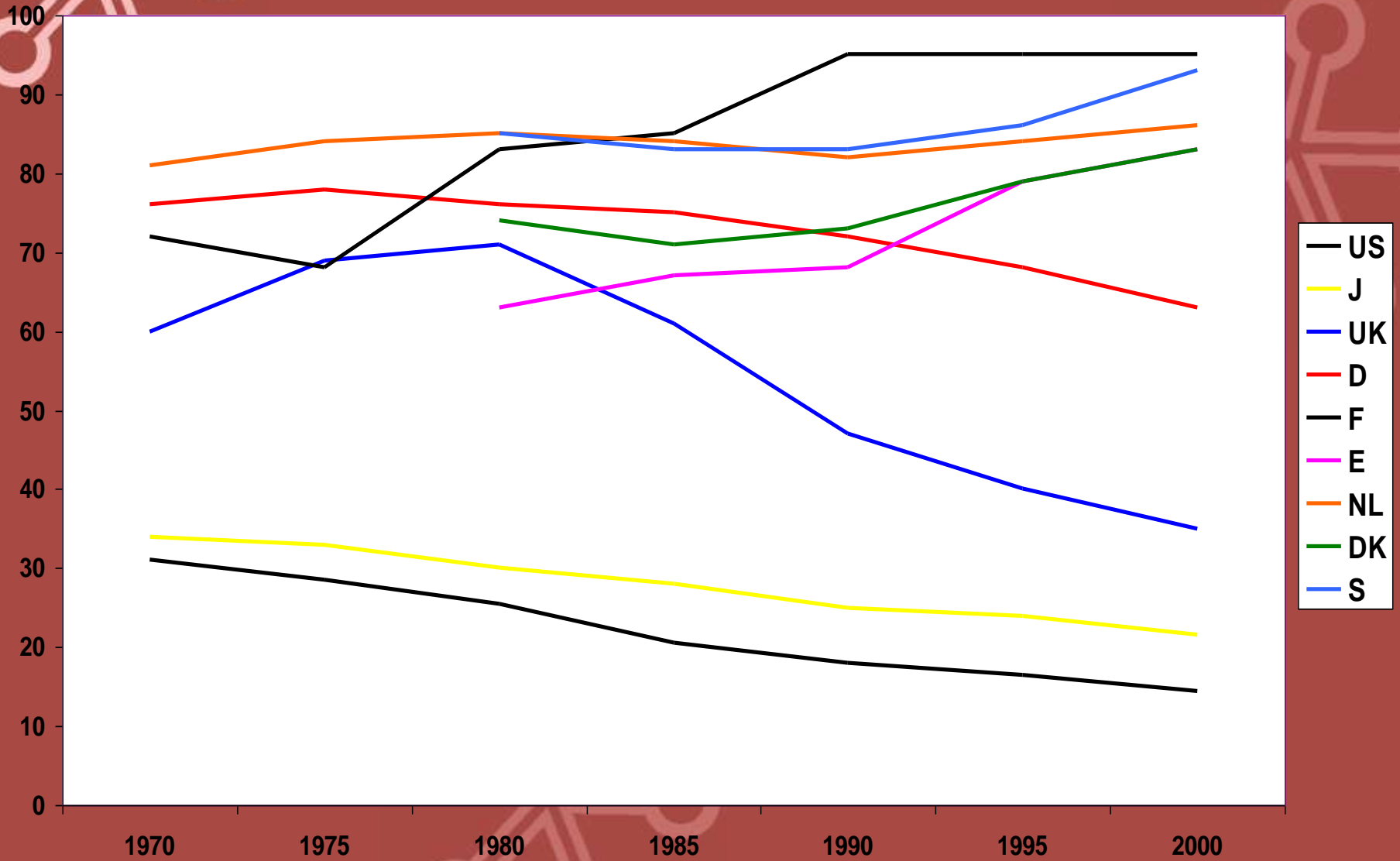
# Collective bargaining

- ❑ **“Change beneath the surface of stability”**
    - ❑ **coverage rates in W.E. rather stable**
    - ❑ **unions still preferred partner and public support**
    - ❑ **sectoral agreement dominant but more national coordination and company bargaining**
    - ❑ **Minimum rather than standard rates**
    - ❑ **More use of ‘opening clauses’, partly because contracts are longer (low inflation)**
    - ❑ **allow companies to leave the contract when they cannot sustain its costs**
  - ❑ **Abandoning of the “upward harmonization” strategy of setting common rates based on average or above average firm performance.**
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# Union density rates



# Bargaining coverage rates





# EURO trends

- ❑ **Wage moderation (Euro norm), especially in Germany 2000-2006**
- ❑ **Slight increase in performance pay, still small**
- ❑ **Sharing arrangements remain exceptional**
- ❑ **Trends in working time reduction reversed – end of first and only successful (?) ETUC campaign?**
- ❑ **Collective bargaining does less to reduce earnings inequality**
- ❑ **International coordination (EMF, Doorn, ETUC 1999) is exercise in learning about differences**
- ❑ **“in matters of wage policy, coordination rules have thusfar not been able to influence bargaining at national level” (Schroeder / Weinert, 2003).**



# Options for future European integration and Labour

- 1) Status quo – but growing discontent, more stalemates, less output legitimacy**
  - 2) Rearrange competencies (more EU in security and foreign affairs, less in social policy) and strengthen dual track by exempting public services from competition rules**
  - 3) Strengthen EU coordination and social policy, make social and human rights sources of primary law (Constitutional Treaty).**
  - 4) Allow Europe of different speeds and – also for unions – invest more in horizontal cooperation**
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