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**W.J. Dercksen (ed.)**

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## INTRODUCTION

W.J. Dercksen

To mark the 65th birthday of Professor W. Albeda an international conference on the Future of Industrial Relations in Europe was held on 7 and 8 June 1990. At that time Albeda was President of the Netherlands Scientific Council for Government Policy (WRR) and Professor at the Faculty of Economics and Business Administration of the University of Limburg (EF/RL). These institutions, in cooperation with the Dutch Public Sector Advisory and Arbitration Committee (AAC) and the Netherlands Association of Industrial Relations (NVA), took the initiative for the conference.

A group of academics and experts of international renown participated in the conference. In this volume the revised texts of a selection of the communications submitted to the conference are brought together. The revised texts of the lectures at the plenary meetings and the parallel sessions of the conference are published in a separate volume.<sup>1</sup> That volume also contains brief impressions of the leading topics which emerged in the discussions in the parallel sessions.

The contributions to this volume are arranged in three parts.

Part one contains two contributions related to The Swedish Model, the theme of one of the parallel sessions of the conference. Bruyn-Hundt investigates the relevance of the Swedish model for the labour market participation and economic independence of women. Delsen and van Veen argue that the Swedish model is partially relevant for other European countries.

Part two contains four contributions related to the future of trilateralism in Europe, a theme of another parallel session. Slomp investigates the British, the French and the German model of industrial relations. In his analysis the extension of trilateralism on the level of the European Community depends on the the degree of success of trilateralism in the member states. Goetschy-Hingel's paper is based on a "state of the art report" which she wrote for the French Ministry of Research and Technology. Corbey analyzes the European integration process and concludes that European policy integration might be a precondition to the survival of national trilateralism. Steen analyzes the consequences of the process of European integration for the Norwegian system of industrial relations.

Part three contains six other contributions to the theme of the conference. Loonstra and Wolters address the subject of conflict management, and especially third party intervention. Moerel, Douwes Dekker and Akkermans give an impression of the systems of industrial relations in South Africa, Hungary and the Netherlands. Van Rens describes the point of view of the Netherlands Trade Union Confederation (FNV) regarding European industrial relations: "an urgent challenge". Reinalda addresses the question: "how international is our vision on labour relations in the process of European integration?" Murcia gives an impression of the industrial relations in Spain, social

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<sup>1</sup> W.J. Dercksen (e.d.), The Future of Industrial Relations in Europe; Preliminary and background studies of the Netherlands Scientific Council for Government Policy, V71, The Hague, 1990.

bargaining being one of its most outstanding characteristics. Finally, Santema argues for the need of "model projects" in vocational education and apprenticeship aiming at a better fit of educational innovation and the needs of the regional labour market.

I

## **THE SWEDISH MODEL**

# 1. THE SWEDISH MODEL FOR WOMEN'S ECONOMIC INDEPENDENCE

M. Bruyn-Hundt

## 1.1 Introduction

Labour market participation rates of Swedish women are nearly equal to men's. Although labour market participation rates of Dutch women are rising fast, their rates are still one of the lowest in the industrialized world. Why is this so? Can demographical or educational factors explain this difference in the economic position of women or does the institutional environment in both countries account for it? Does the high labour market participation of Swedish women imply that the income position of Swedish women is the same as the income position of Swedish men?

In section 2 we look at the demographical and educational background of women in both countries. In section 3 we present data about women's labour market participation, women's share in unemployment and unemployment and the differences in the income position between men and women. In sections 4 and 5 we look at emancipation policies in both countries and labour market programs. In section 6 we make some concluding remarks.

## 1.2 Demographical and educational background

In both countries one can perceive that the number of marriages per 1000 of the population is declining in the second half of the sixties, although the marriage rate was and is still is higher in the Netherlands. For example: in 1970 the marriage rate in Sweden was 5,4 per 1000, in Holland 9,5. In 1988 Sweden counted 5,2 marriages per 1000, Holland 6,0.<sup>2</sup>

The divorce rate in both countries changed dramatically in the seventies and eighties. Before the new divorce act came into being in Sweden in 1974 the divorce rate in 1973 was 8,5 divorces per 1000 married women. Before the new divorce act in Holland was introduced in 1971 the divorce rate was 3,3. After the change of the divorce act the divorce rate in both countries rose. The divorce rate in Sweden was highest in 1982 and 1983: 12 divorces per 1000 of married women. In Holland the highest divorce rate was 9,8 in 1984 and 1985. In both countries the divorce rate is declining in recent years.<sup>3</sup>

The divorce rate does not tell us everything about the way people are living, because in both countries a rising number of men and women are living together unmarried. In Sweden the percentage of not married mothers of newborn children rose from 11,2 % in 1960 to 48,4 in 1986. In 1960 only 1,3% of all new born Dutch children did have an unmarried mother, in 1988 10,2 of all new born children had an unmarried mother. So the rate of children born out of wedlock now in

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<sup>2</sup> SOS Befolkningsforandringar del 3. Hela riket lanen mm.(Population changes), Statistics Sweden;  
Centraal Bureau voor de Statistiek: 90 jaar statistiek van Nederland.

<sup>3</sup> SOS Befolkningsforandringar del.3. Hela riket lanen mm.(Population changes) Statistics Sweden;  
Centraal Bureau voor de Statistiek: Statistisch Zakboek.

Holland is nearly as high as in Sweden in the sixties.<sup>4</sup> However 90% of all children 0-3 years old in 1987 lived with both their biological parents. The parents are living together in non-marital consensual unions.<sup>5</sup>

In the sixties the fertility rate in Holland was higher than in Sweden, but in the seventies the fertility rate in Sweden rose and became a little bit higher than the rate in Holland. In the eighties the Swedish fertility rate was slightly over 1,6, in Holland it was 1,5-1,6.<sup>6</sup> The age of the mother at the birth of the first child does not differ much: in 1986 the average age of the mother was 26,6 years in Sweden and 26,8 in Holland.<sup>7</sup>

One has the impression that marriage is more unpopular in Sweden: the marriage rate was and is lower in Sweden, the divorce rate higher. A revealing sign of the unpopularity of marriage in Sweden is that, although the fertility rate is higher than in Holland, more than four times as many children are born out of wedlock in Sweden. One can interpret the different attitude towards marriage as a sign of greater independence of Swedish women.

In Sweden as well as in Holland separate secondary schools for girls were developed in the second half of the 19th century. Training in humanities was considered to be more important for girls than training in mathematics and natural sciences. In the 20th century girls got the same chances for education in both countries and the separate schools for girls disappeared.<sup>8</sup> In the eighties one can find in Swedish as well as Dutch literature data informing the reader that boys and girls have the same amount of education. This does not imply that the direction of education

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<sup>4</sup> SOS Befolkningsförändringar del 3. Hela riket länen mm.(population changes), Statistics Sweden, yearly;  
Centraal Bureau voor de Statistiek: Statistisch Zakboek, yearly.

<sup>5</sup> S. Gustafsson: "The labor force participation and earnings of lone parents", paper for the OECD-conference on single parents, Paris 1987 p. 3.

<sup>6</sup> OECD: "Employment Outlook 1988" p. 204. The total fertility rate, as cited in the OECD Employment Outlook 1988, is defined as the sum of the age-specific fertility rates for the year in question. It represents the average number of children who would be born over the lifespan to a hypothetical cohort of women(not subject to mortality) who, at each age, had the propensity to give birth observed at that age in the population for the year in question;  
Eurostat Demographic Statistics 1989 serie 3; SOS Befolkningsförändringar del 3. Hela riket länen m. Statistics Sweden, yearly.

<sup>7</sup> SOS Befolkningsförändringar del 3. Hela riket länen mm. (Population changes), Statistics Sweden, yearly;  
Eurostat Demographic Statistics 1989 serie 3.

<sup>8</sup> S. Gustafsson: "Equal opportunities policies in Sweden" in G. Schmid and R. Weitzel: "The labour market and employment policy" WZB publications, Berlin 1984 p.134;  
W.H.Posthumus- van der Goot e.a.: "Van moeder op dochter", Sun 1977 p. 46/49.



was the same: women in both countries have less education in technical directions than men.<sup>9</sup> In short: there is not much difference in educational background of Swedish and Dutch women which can account for the difference in labour market participation.

### 1.3 Labour market participation, unemployment and income position

In 1900 the participation rate of all women in both countries was about the same.<sup>10</sup> After that year the participation of Swedish aged 15-69 women rose steadily to 38,4% in 1930, while it was 19,1% of all women over 15 years of age in the Netherlands in 1930. In Sweden more than 50% of all women 16-64 years of age were participating in the beginning of the sixties, while the participation rate of Dutch women was only 25,6% of women aged 16-64. In 1986 85,9 of all Swedish men and 80% of all Swedish women in this age group were earning their living in the labour market. In Holland both the participation rate of men and women was considerably lower than in Sweden: only 76,7% of all men and 42,5 of all women aged 16-64 were in the labour market.<sup>11</sup> In Sweden about more than 80% of mothers of children younger dan 6 years were working, in Holland this percentage was about 25%. However: in Sweden young mothers are counted as part of the labour force, although they are often absent because of parental leave or they are working parttime. In 1985 for example 84% of all women with children 0-6 years were counted as participating in the labour market, but only 17% worked fulltime, 38% parttime and 29% were absent.<sup>12</sup> In Holland there still is no parental leave, except a maternity-leave of 16 weeks and for women working in the service-sector a parttime parental leave of 6 months. In both countries the percentage of parttime working women is high: in 1986 45% of Swedish women and 55% of Dutch women worked parttime.<sup>13</sup> But in Holland about 1/3 of all working women had a job of less than 20 hours per

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<sup>9</sup> S. Gustafsson: "Equal opportunities policies in Sweden" in: G. Schmid and R. Weitzel (eds.): "The labour market and employment policy", WZB publications, Berlin 1984 p. 135;

C. Jonung and B. Thordarsson: in "Sweden" in "Women returning to work", ed.

A. Yohalem, Frances Pinter publ. London 1980 p. 116;

E. van der Wal: "Women on the move," Sociaal en Cultureel Planbureau 1985 p. 24-31.

<sup>10</sup> The OECD Employment Outlook 1988 mentions 16,7% for women in Sweden for women aged 15-69; in Holland the participation rate was also 16,7 for all women over 15 years old (see page 130).

<sup>11</sup> Statistics Sweden, Loner(wages) yearly;  
Centraal Bureau voor de Statistiek: Arbeidskrachtentellingen en Enquete Beroepsbevolking 1987.

<sup>12</sup> Economisch-Technologische Dienst voor Noord-Holland: "Zweden", een analyse van de arbeidsmarktparticipatie van vrouwen in Zweden 1987 bijlage.

<sup>13</sup> OECD: Employment Outlook 1988, p. 130, 149.

week compared to 8,5% of all Swedish women. In Sweden the percentage of parttime jobs is declining.<sup>14</sup>

Registered female unemployment in Sweden is not higher than registered male unemployment. In Holland registered female unemployment has been higher for a long time than men's.<sup>15</sup>

If hidden unemployment is included, total female unemployment in Holland is twice as high as total male unemployment.<sup>16</sup>

In Sweden hidden unemployment of women was a problem in the seventies, which was solved by giving special attention to women who wanted to work, but were not searching actively.<sup>17</sup>

In both countries female gross hourly earnings from the sixties until the nineties are lower than men's. In Sweden manual female workers wages in manufacturing in the eighties were about 90% of men's, in Holland the difference is greater: manual female workers wages were between 78 and 80% of men's wages.<sup>18</sup> In both countries the difference between female and male non-manual wages is greater than the ratio for manual wages.<sup>19</sup> In Sweden non-manual women's wage in the eighties was slightly over 70% of men's wages. In Holland female non-manual workers earned only slightly more than 60% compared to male non-manual workers.

Data of women's share in income are difficult to obtain and even more difficult to compare, because the sources are different. The OECD Employment Outlook mentioned that in 1984 38,7% of all wages and salaries in Sweden went to women. From the Dutch Income Statistics one can deduct that 19,4% of all wages and salaries in 1985 went to women, but incomes of less than 52 weeks were not included.<sup>20</sup>

In both countries the distribution of men and women across the major occupational and industrial groupings is completely dissimilar. Women are overrepresented in a few female occupations, whereas men are distributed over many occupations and industries. Women tend to represent a high proportion of clerical and service occupations and the service industries. Men are strongly

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<sup>14</sup> Abva/Kabo: "Op zoek naar economische zelfstandigheid voor vrouwen", Zoetermeer 1989 p. 27; OECD: "Employment Outlook 1988", p. 149.

<sup>15</sup> OECD: "Employment Outlook 1988", p. 143.

<sup>16</sup> M.G.K. Einerhand, S. van den Elshout, E.M.J. Hoogteijling: "De omvang van de werkloosheid in 1985 nader bezien" in: "Supplement bij de Sociaal-economische maandstatistiek", Centraal Bureau voor de Statistiek jrg. 1986 no.6.

<sup>17</sup> Yonung and Thordarsson p. 123 and 124.

<sup>18</sup> OECD: "Employment Outlook 1988" p. 212.

<sup>19</sup> Eurostat: "Earnings".

<sup>20</sup> OECD: "Employment Outlook 1988", p. 154; Centraal Bureau voor de Statistiek: "Personele Inkomensverdeling 1985" p. 32.

presented in production and transportation occupations and the manufacturing sector. The OECD uses a dissimilarity index which is 0 if women's employment were distributed across the major occupational groupings in a similar fashion to men. It would be 100 if men and women were never found together in the same major groups. In Sweden this dissimilarity index declined from 49,0 in 1960 to 37,9 in 1986. In Holland the index was 48,1 in 1960 and declined to 40,0 in 1985. So in both countries the decline in sex-segregation has been rather small.<sup>21</sup>

Our conclusion is that economic independence of Swedish women is higher than that of Dutch women, because their participation rate is higher, the unemployment rate lower, the wage gap smaller. So it is not surprising that the share of Swedish women in total wages and salaries is twice as high as Dutch women's share. Nevertheless, as long as Swedish women receive less than half of total wages and salaries, economic independence of Swedish women is not complete.

#### 1.4 Family policies

About 1900 the first laws protecting female labour emerged. In 1901 Swedish women were forbidden to work underground in mines and quarries. The same happened in 1906 in the Netherlands.

In 1889 Dutch employers were forbidden to put a woman to work earlier than 4 weeks after childbirth, in Sweden this happened in 1900. In 1913 Dutch women got a right to a childbirth-benefit of a 100% during 4 weeks after childbirth. In Sweden a maternity allowance was introduced in 1937 for mothers who were in need of economic assistance. In 1954 the maternity allowances were connected to the mandatory national health insurance.<sup>22</sup> However, women were often dismissed when they married or became pregnant. So in Sweden in 1939 a law protecting women from dismissal because of childbirth or marriage was introduced: women got the right to be absent for 12 weeks. Dutch women had to wait until 1976 before they were protected from dismissal because of marriage or childbirth. Because of a large rate of unemployment of men, a law was introduced in 1924 by which Dutch female civil servants had to be dismissed when they married or were living together unmarried. This reason for dismissal was maintained until 1957.

In 1968 an important Swedish report was given to the United Nations regarding the status of women. It stated that " the aim of a long term program for women must be that every individual, irrespective of sex, shall have the same practical opportunities, not only for education and employment, but also in principle the same responsibilities for his and her own maintenance as

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<sup>21</sup> OECD: "Employment Outlook" 1988 p. 146/149 and p. 200.

<sup>22</sup> S. Gustafsson: "Equal opportunity policies in Sweden" p. 136.

well as a shared responsibility for the upbringing of children and the upkeep of the home".<sup>23</sup> In the Dutch Equal Rights Plan of 1985 a similar statement can be found.

Until 1971 Sweden had a system of joint taxation. In 1971 a system of individual taxation of labour income was adopted plus an extra tax deduction for two-earner families.<sup>24</sup>

In 1973 Holland also introduced a system of individual taxation of labour income, but a married woman got a lower tax deduction than a married man. The new system was discouraging for women with a low income.

From January the first 1988 man and wife in Sweden are taxed separately in Sweden for all kinds of income. An individualized system is encouraging for women. Jonung and Thordarsson remark that while women do not work primarily out of economic necessity, this does not mean that they are not influenced by economic considerations. Research revealed that 5% of inactive women who did not wish to work in 1978 gave "it does not pay" as an explanation.<sup>25</sup> In the tax system of 1988 there is no tax advantage for a man with a dependent wife.<sup>26</sup>

In Holland a new tax system was introduced in the eighties. Man and wife have the same tax deduction, but if one of them does not have an income, his or her tax exemption is going to the working partner. So if there is only one earner in the family he is paying less tax than when there are two earners in the family. The system does not encourage women to work.

Social security law in Sweden does not know any breadwinner-benefits. It seems that the only financial hindrance for Swedish women is the fact that housing subsidies and fees for children's daycare are based on family income.<sup>27</sup> In Holland all social benefits have a bread-winner supplement if the benefit is at a minimum level. Beside this, generally no premiums have to be paid for the dependent partner for the retirement pension, widow pension, other pensions or for medical health care. All these advantages are lost if the partner earns an income: they are discouraging dependent partners to enter the labour market or to stay when the first child is born. Moreover: more than 50% of all unemployed people receive an unemployment-benefit with a partner-means-test, which implies that women have to earn 1 1/2 as much as the average-income of women before they add anything to net family income.

In 1974 the maternity leave in Sweden was changed in a parental leave, which gave parents a choice which of them would take leave. Parents have a right for full-time leave until the child is 18

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<sup>23</sup> Jonung and Thordarsson p. 108.

<sup>24</sup> Jonung and Thordarsson p. 131/132.

<sup>25</sup> Jonung and Thordarsson p. 126.

<sup>26</sup> Steuern in Europa, USA, Kanada und Japan, Mennel. 15 Lieferung 1988 p. 17.

<sup>27</sup> I.A.K. Andersson: "The structure of incentives in the Swedish welfare system" paper for ESPE-congress 1988 Universität of Mannheim.

months. In 1975 a second paid childcare-leave was introduced to care for sick children 10 days a year. Later the 10 days were extended to 60 days. The parental insurance scheme provides 90% of earnings for 270 days and a fixed rate for 90 days. In 1978 a third kind of childcare leave was introduced: parents were allowed to stay home for 180 days during periods a child needs extra care, for example during the first school year. The first 3 months with full earnings compensation, the next 3 months with a flat rate benefit. In 1979 either of the parents were given the right to shorten work hours without compensation to 6 hours a day until the child is 8 years old.<sup>28</sup>

In 1965 Sweden started a public day-care system for pre-school children. Childcare is regulated by the Social Services Act of 1982 (Socialtjänstlagen). In 1988 42% of all children younger than 7 years were taken care of and 20% of all schoolchildren of 7-12 years. Nevertheless waiting lists existed. In 1985 a bill was passed entitling all children over 18 months to a place in a day-care centre or a family day care if their parents work or study. The organisation of childcare is a responsibility of the communal authorities. Before the recent crisis Swedish Government expected the waiting lists to have disappeared in 1991.<sup>29</sup> Parental fees made up only 8,8% of total costs in 1982. The balance is paid by a state subsidy or is borne by the local community.<sup>30</sup> In Holland day-childcare was available in 1989 for 3% of all children 0-4 years, so the waiting lists are very long.<sup>31</sup> Employers, communal authorities and parents have organised childcare in recent years and Dutch government is subsidizing the communities in 1990-1994 if they start new daycare-centers.

Overlooking the institutional environment, Swedish women are better off than Dutch women. Compensated parental leave, public childcare and individualized income regulations encourage Swedish women to combine a family and a career.

## 1.5 Labour market policy

A nationwide organization of employment services was built up before and during the second world war in Sweden headed by the National Labour Market Board. In the National Labour Market Board organisations of employers and -employees and government are participating. The Labour Market Administration consists of this Labour Market Board, County Labour Boards(24), Districts Offices(77) and Local Offices(152). The whole system is responsible for employment-mediation,

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<sup>28</sup> S. Gustafsson: "Equal opportunity policies in Sweden" in G. Schmid and R. Weitzel (eds): The labour market and employment policy, WZB publications, Berlin 1984, p. 132-154; I.L.O.: "The child care challenge" in Conditions of work digest, 1988 nr.2.

<sup>29</sup> International Labour Office: "The child care challenge" in Conditions of work digest, volume 7, 1988 no.2, p. 256, 257.

<sup>30</sup> S. Gustafsson: "Equal opportunity policies in Sweden" p. 140.

<sup>31</sup> Emancipatieraad: "Emancipatiebeleid in macro-economisch perspectief", Den Haag 1989 p. 19.

vocational guidance, vocational rehabilitation, unemployment assistance, removal assistance etc. Women, youth, elderly and handicapped people are sub-groups toward whom policies have been specially aimed.

In 1960 organisations of employers and -employees agreed to eliminate special women's wage scales, that had existed until then.<sup>31</sup> In 1977 the National Labour Market Board adopted a special program "Equality in the Labour Market".<sup>32</sup> A firm wishing to obtain a state subsidy for investments had to recruit at least 40% of each sex. Experimental appointments of special employment officers for women have been made. Opportunities for adult education were expanded.<sup>33</sup>

Full employment has been the first priority in Sweden since decades. If someone is without employment he receives individual and effective assistance of a professional mediator. If necessary he receives schooling and/or a temporary job for 6 months. An unemployment benefit is not the first thing people are thinking of: every one thinks it normal to accept a new job, even if the job is temporary. Sweden has been very succesful in obtaining full employment. Actually Swedens problem is a shortage on the labour market, wage-rises which are greater than productivity-growth and inflation.<sup>34</sup>

In Holland labour market policy has not been as succesful as in Sweden. Policy-makers accentuated giving unemployment-benefits more than a consistent labour market-policy to obtain full employment.<sup>35</sup> Registered unemployment rose from less than 1% in 1970 to 4,7% in 1980, 12,9% in 1985 of the total labour force. However: Sweden did have in the period 1963-1985 a growth of the potential labour force, defined as the whole population in the agegroup 20-64, of 0,4 million. In Sweden 0,9 new jobs were created in this period. In Sweden the participation rate of men diminished from 93% in 1963 to 90% in 1985. Women's labour market participation rose from 54% in 1963 to 82% in 1985. Holland counted a growth in the potential labour force in the age-group 20-64 years of 2,2 millon and a growth of 1,1 million of new jobs. The participation rate of Dutch men fell from 94% in 1963 to 76% in 1985, whereas women's participation rate rose from 25% in 1963 to 38% in 1985. So in both countries the new created jobs went mainly to women. In Holland the growth of the potential labour force was so enormous, that unemployment resulted.

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<sup>31</sup> A.H. Cook: "Legislation and collective bargaining: strategies for change" in: "Equal employment policy for women", ed. R. Steinberg Ratner, Temple University Press 1980.

<sup>32</sup> B. Rollen: "Equality between men and women: the Swedish National Labor Market Board" in: "Equal employment policy for women" ed. R. Steinberg Ratner, Temple University Press, Philadelphia 1980.

<sup>33</sup> B. Rollen: "Equality between men and women in the labor market: the Swedish national labor market board" in "Equal employment for women", ed. R. Steinberg Ratner, Temple University Press, Philadelphia 1980.

<sup>34</sup> Abva/Kabo: "Op zoek naar economische zelfstandigheid voor vrouwen", Zoetermeer 1989; Volkskrant 20.5.89; Trouw 23.3.90.

<sup>35</sup> "Getto's in Holland" ed. P. Broertjes, met bijdragen van o.a. G. Therborn, W. Albeda e.a., Van Gennep, Amsterdam 1989.

Unemployment has diminished since 1985, but is still a problem for people in certain age-groups, ethnic minorities and women. At the same time labour shortage occurs in some sectors. In the seventies and the beginning of the eighties special labour market policies were laid down for women: a special subsidy for employers giving women a training in a male dominated profession, subsidies for organisations who encouraged women to re-enter the labour market by giving them special courses and training in professions with good employment-perspectives.

Under-representation of women in the Labour Market Administration is an actual problem in Sweden. Swedish government has dictated that in 1992 at least 30% of all managerial boards should be women.<sup>36</sup> The same problem is occurring in Holland: in 1991 labour market policies will be taken over by a new organisation of employers-, employees and government. Women claimed at least 1/3 of the managerial board, but their chances to obtain this goal do not seem very good.

Our conclusion is that labour market policy in Sweden has been more successful in obtaining full employment as well as in pushing up the labour market participation of women.

## 1.6 Conclusive remarks

The labour market participation of Swedish women is higher than that of Dutch women. One of the reasons seems to be that a policy for equality for men and women in Sweden started earlier than in Holland. We conclude that the position of Dutch women in the labour market is lagging about 20-25 years behind the development of Swedish women in the labour market. This does not imply that the labour market position of Swedish women is the same as that of Swedish men. A delegation of one of the Dutch Unions, which visited Denmark and Sweden in 1989 concluded that the traditional role-problems of men and women are not fully solved. There is a growing awareness that parttime work for women is not a good solution for an equal position in the labour market and does not lead to an equal income position. Although a growing number of Swedish men is making use of the several forms of parental leave, women still take the lion's share of care for children and household.<sup>37</sup> The growing rate of absenteeism of women is one of the signs that women have a double burden doing paid and unpaid work. Women's position on the labour market will not be the same as men's as long as unpaid labour is divided unequal. Dutch women face the same problem. Looking at the situation of Swedish women, more childcare-facilities and individualization of income-regulations are of the utmost importance for a better situation of Dutch women.

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<sup>36</sup> Abva/Kabo: "Op zoek naar economische zelfstandigheid voor vrouwen", Zoetermeer 1989 p. 35, 64.

<sup>37</sup> Abva/Kabo: "Op zoek naar economische zelfstandigheid voor vrouwen", Zoetermeer 1989 p. 4, 5, 30, 31, 53, 54.

## 2. THE SWEDISH MODEL: PARTIALLY RELEVANT FOR OTHER EUROPEAN COUNTRIES

L. Delsen and T. van Veen<sup>1</sup>

### ABSTRACT

By the late 1970's the supply-side economic theory became the new orthodoxy. From this supply-side perspective, labour market inflexibility explains mass unemployment. In this context the presumably greater flexibility of the labour market in the United States was seen as an explanation of its superior employment record relative to European economies. The European employers' organizations and the public authorities believe, in fact, that flexibility and deregulation are a useful weapon in the fight against unemployment. Although the latter have adopted a policy in this direction the unemployment rates in Europe seem to have stabilized at a high level.

Unlike most European countries, Sweden, which is highly regulated, does reasonably well in employment terms. The main characteristics of the Swedish model are: i) centralized wage bargaining, ii) solidaristic wage policy, iii) active labour market policy, iv) a restrictive fiscal policy and v) a policy of selective economic growth. This country seems to be in an enviable position. Low unemployment, moderate inflation and a moderate level of economic growth determined the economic picture. This paper tries to explain these features. Recently however, the "Swedish model" came into discussion both inside and outside Sweden. This opened the debate about the stability of the Swedish system. The paper goes into this discussion. Finally, the central question that will be answered is: what can be learned from the Swedish experience by other European countries suffering from high (long-term) unemployment. In other words can (parts of) the Swedish model be exported?

### 2.1 Introduction

By the late 1970's the supply-side economic theory became the new orthodoxy. From this supply-side perspective, labour market inflexibility explains mass unemployment. In this context the presumably greater flexibility of the labour market in the United States was seen as an explanation of its superior employment record relative to European economies. The European employers' organizations and the public authorities believe, in fact, that flexibility and deregulation are a useful weapon in the fight against unemployment. Although the latter have adopted a policy in this direction the unemployment rates in Europe seem to have stabilized at a high level. Unlike most European countries Sweden, which is highly regulated, does reasonable well in employment terms. This country seems to be in an enviable position. Besides the low unemployment rate

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<sup>1</sup> Department of Applied Economics, University of Nijmegen and Department of Economics, University of Limburg, respectively. The authors would like to thank Prof. R. Meidner for his comment.



another remarkable aspect of employment in Sweden is the high labour force participation rate. The country had moderate inflation and a moderate level of economic growth. This paper tries to explain the features. Recently however, the "Swedish model" came into discussion both inside and outside Sweden. This opened the discussion about its stability. The paper goes into this debate. The central question that will be answered is: what can be learned from the Swedish experience by other European countries suffering from high (long-term) unemployment?

The plan of the paper is as follows. First the main characteristics of the Swedish model are outlined. Next some major results that have been achieved are presented and compared with those in other European countries. In a final paragraph the relevance of (parts of) the Swedish model for other European countries is examined.

## **2.2 The main characteristics of the Swedish model**

Sweden probably has the highest (overall) unionization rate in the world (80-85%). The main players in the Swedish model are (apart from the government), the Swedish Trade Union Confederation (LO), the largest employees' organization (primarily blue-collar) and the Swedish Employers' Confederation (SAF), the main employers' organization in the private sector. The Swedish consensus-model is born out of the first basic agreement signed by the LO and SAF in 1938. This Saltsjöbaden Agreement laid down the procedure for negotiations between employee and employer, and the restrictions on industrial actions to be applied. It constituted the cornerstone of the centralized Swedish model in which strong national organizations negotiated freely without government intervention and assumed responsibility for keeping wages within the limits of macro-economic balance. Most problems between labour and management are resolved through negotiations and agreements. As a result there are relative few laws governing conditions on the labour market.

The Swedish model has been developed by G. Rehn and R. Meidner, two economists associated with the LO. Their main proposition was that "labour market policy should no longer be simply a matter of establishing labour exchanges to bring together the unemployed and unfilled jobs, and paying unemployment benefits to those without a job. Instead it should be developed into a preventive policy instrument, part of an integrated model of economic, pay and labour market policy" (EIRR, 1990a, p. 21). In the 1950s and the 1960s these ideas were adopted by the union confederation and by the ruling Social Democratic Party (SAP). The aims of this integrated model were full employment and price stability, economic growth and a fair distribution of wages. Instead of the traditional measures used by Keynesian oriented policy makers, they made a plea for an active labour market policy in order to reach these goals. We summarise the main characteristics of this Rehn/Meidner model in five points (EIRR, 1990a, pp. 21-22; *The Economist*, 1990, pp. 5-6).

### 2.2.1 Centralized wage bargaining

Sweden has traditionally been regarded as having one of the most centralized systems in the OECD. It was believed that centralized bargaining could deliver a lower aggregate wage increase in line with what the economy could afford. Swedish unions supported this centralized wage bargaining process because it facilitates the policy of wage solidarity. Swedish employers were also in favour of central bargaining, since they believed it would prevent wage drift. In actuality, they were the driving force behind the first central negotiations, which resulted in a settlement in 1956 (Slomp, 1990, p. 135). At central level, negotiations result in framework agreements which indicate the room for wage cost<sup>2</sup> increase to be granted every time such an agreement is reached. Next, the framework agreements must be supplemented by union contracts which specify how the centrally agreed arrangements are to be distributed among employers. Most collective-bargaining contracts in Sweden are based on agreements between SAF and LO or PTK (Federation of Salaried Employees in Industry and Services), and between their counterparts in the national and local government sectors. Finally, companies negotiate with local branches of the unions about the terms as applied to the individual. During the period of the running of the central contract (1-3 years), the parties pledge to respect the peace obligation, which debar them from resorting to industrial action to settle disputes over matters regulated in the agreement.

### 2.2.2 "Solidaristic" wage policy

The framework agreements determine the room for wage cost increases. In the division of this room with regard to wages, the wage policy of solidarity plays an important role. According to this policy all employees should receive equal pay for equal work, regardless of the particular financial position of their employer. Of course, this would produce a more equitable distribution of wages. However, there were some other consequences as well. Less profitable companies might not be able to pay these wages and were forced to reduce their workforce or go out of business altogether. More profitable firms would be paying wages below the level that they could actually afford. They could not attract labour by paying higher wages and wage cost inflation was avoided. The excess profits could be used for new investments. Although small wage differentials inhibit labour mobility, the model's architects argued that in their model narrow wage differentials would actually stimulate mobility. The solidaristic wage policy harms low-productivity sectors and favours high-productivity ones resulting in reallocation of labour between these sectors.

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<sup>2</sup> Here wage costs refer to total costs for the factor labour, thus not only wages but also payroll taxes, overtime work etc. Next, one can think of costs of improvement of working conditions or working time reduction.

### 2.2.3 Active labour market policy

With centralized wage bargaining and a solidaristic wage policy a special kind of dynamics arises in the economy, viz. a combination of a large demand for and a large supply of labour. Because demand stems from high-productivity sectors and supply emanates from low-productivity sectors matching problems on the labour market can easily occur. To tackle this problem an active labour market policy was developed. This policy aims at enhancing the mobility of the workers who lose their jobs. A great variety of measures are developed under the head of "active labour market policy", e.g. relocation grants, training or retraining programs, temporary public sector schemes and private sector recruitment subsidies in order to create jobs. This policy stems from the idea that the longer people lose contact with the labour market the more difficult it will be to get them back to work. The Swedish model is characterized by "the-right-to-work" model instead of "the-right-to-income" model. Another effect of the model is that the workers would, at least theoretically, find new employment in more viable enterprises and sectors, higher employment and wage levels would thus be attained in the longer run.

### 2.2.4 A restrictive fiscal policy

Centralized wage bargaining with a solidaristic wage policy and active labour market policy keep unemployment low and aggregate demand high in the economy. Thus the danger of inflation is round the corner. Therefore another element of the Swedish model is a restrictive fiscal policy. Budget disequilibria are adjusted in short term. The Swedish model is known for the high tax rates (personal income tax has a top rate of 72%, the corporate tax top rate is 57%). Although profits are heavily taxed away, "excess" profits put in the special "investment fund" are not taxed, channelling company profits into regional investment or investment in new technology.

### 2.2.5 Policy of selective economic growth

As can be derived from the foregoing points, the Swedish model corrects the results of the free market system. Apart from the points already mentioned a policy of selective growth is used. This policy aims at the development of subordinated regions and provisions of goods that would otherwise not be supplied in sufficient amounts (socially necessary services).

The Swedish model is best known for its active labour market policy. There is one budget for all measures and the policy is coordinated by the Labour Market Board.<sup>3</sup> Such an approach guarantees a strong interdependency of all measures. Unemployed are approached as follows (De Neubourg, Caanen, 1988, p. 87; Layard, 1989, pp. 17-18). Firstly, the labour exchange tries to find a job. It operates with case-loads of 15 (28 according to EIRR, 1990a) unemployed persons per

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<sup>3</sup> In this Board employers' organizations, employees' organizations and government are participating.

member of staff, compared with, for example 375 in Britain, 370 in West Germany and 160 in the Netherlands. Unlike most European countries in Sweden all vacancies have to be notified to the employment service, so that it has a deep understanding of the local labour market. If this shows to be unsuccessful, a training program is organized. Where workers are declared redundant, hard-to-place workers are sent on high-quality training courses - even before they become unemployed in some cases. Thus economic change is welcomed as an opportunity to provide experienced workers for the industries of the future. If workers have not been placed within 6 months, employers recruiting them can be offered a 50% wage subsidy lasting 6 months. If this program does not end into a job, unemployment benefits option comes in sight. If all these measures fail, the public sector (mainly local authorities) acts as the employer of last resort. It provides work for up to 6 months mostly in construction or the caring services. Anyone whose benefit entitlement has run out is entitled to such work by law. This approach sharply contrasts with other European countries. But according to *The Economist* (1990, p. 6):

"(..) Sweden is no soft touch for the jobless. A vital ingredient of Sweden's success is that it combines the carrot - the promise of training or a job - with a stick. Although Sweden has some of the most generous unemployment benefits in the world, it has also strict eligibility rules. Benefits are not open-ended, but are paid for a maximum of 300 days and are subject to a strict work test to discourage scroungers. If a recipient refuses to take a training place or a job, benefits may be stopped immediately".

### 2.3 What has been achieved

Unemployment remains high in many European countries. In Sweden the unemployment rate was 1.6% in 1988, well below that of other countries (See Table 1). The employment-population ratio in Sweden, already the highest in the world, has gone on growing, while it has fallen in all the main EC countries (Layard, 1989, p. 19). Sweden probably has the highest rate of labour force participation (82.6% in 1988) among major industrial countries. Furthermore the female labour force participation rate (80.3% in 1988) is very high. Sweden's success in achieving full employment and a high level of labour force participation has been due in large measures to its active labour market policy. Some critics argue that this is just unemployment in disguise, but even if all those on such schemes are included, the total jobless rate is just over 5%<sup>4</sup> - still below that of most European countries. Yet this misses the real point of the measures, namely to keep the unemployed in touch with the labour market, to improve their chances of employment and so prevent long-term joblessness.<sup>5</sup> In 1988 only about 8% of Sweden's unemployed were jobless for more than a year, compared with one-half on average, in EC countries (See Table 1). Also the hysteresis effect is counteracted. The differences in unemployment rates mainly reflect differences in the duration of unemployment, rather than in the proportion of people who become

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<sup>4</sup> In 1988 3.7% of the Swedish labour force was involved in labour market programmes (Bourdet, Persson, 1989).

<sup>5</sup> As long-term unemployment increased in the 1980s, Swedish labour market policies were reoriented towards the long-term unemployed (Bourdet, Persson, 1989).

unemployed. Since 1979 unemployment in the EC countries has grown mainly due to the rise in duration, not a rise in inflow (Layard, 1989; Bourdet, Persson, 1989).

**Table 1** Standardized unemployment rates in 1988 (% of total labour force) and incidence of long-term unemployment in 1987/1988 (% of total unemployment)

	unemployment	6 months and over	12 months and over
Belgium	10.2	87.1	74.5
France	10.3	64.6	44.8
West Germany	6.2	64.2	48.1
Italy	10.1*	78.1	56.8
Netherlands	9.5	75.9**	59.5**
Norway	3.2	18.2	7.6
Spain	19.1	75.9	61.5
<b>Sweden</b>	<b>1.6</b>	<b>21.2</b>	<b>8.2</b>
United Kingdom	8.3	62.8	45.2
United States	5.4	12.1	7.4

\* 1985;

\*\* 1986.

Source: OECD, 1989a, p. 19 and p. 217.

Despite the fact that Sweden's overall employment budget is no higher than that of other European states the share of active labour market policy in total labour market expenditures is around 70%. Around 30% is spent on unemployment benefits. In most the European countries this division of expenditures is reversed (See Table 2).<sup>6</sup> It is claimed that Sweden is thus investing in competence, while other countries are investing in unemployment (EIRR, 1990a, pp. 20-21).

Sweden's economic situation, like that of a number of other Western European countries, worsened after the Oil Shocks of 1973 and 1979. Subsidies were pumped into industry (e.g. state-financed inventory building in the shipbuilding and steel sectors) and public sector projects were expanded (the local government's service sector was opened up for relief work in the 1970's). The results were predictable: the budget and external current account went deep into deficit and inflation rose. In 1982 the re-elected Socialist Government adopted the so-called "third way":

<sup>6</sup> Since the programmes vary with the unemployment situation, the best way to measure a country's commitment to the active labour market policy is to measure expenditures per unemployed person (relative to output per person). This degree of commitment varies considerably, with Sweden doing much more than any other country, and West Germany doing more than any other EC country (Layard, 1989).

**Table 2** Public expenditures on labour market programmes in 1988 (% of GDP)

	total expenditure	active measures*	income maintenance**
Belgium	4.21	1.20 (29)	3.01 (71)
France (1987)	3.07	0.81 (26)	2.26 (74)
West Germany	2.41	1.05 (44)	1.35 (56)
Italy	1.61	0.90 (56)	0.72 (45)
Netherlands	3.82	1.13 (30)	2.69 (70)
Norway	0.93	0.42 (45)	0.51 (55)
Spain	3.14	0.78 (25)	2.36 (75)
<b>Sweden</b>	<b>2.59</b>	<b>1.79 (69)</b>	<b>0.80 (31)</b>
United Kingdom	2.50	0.77 (31)	1.74 (70)
United States	0.69	0.25 (36)	0.44 (64)

\* Employment services and administration, labour market training (adults), special youth measures, direct job creation and employment subsidies and measures for the disabled.

\*\* Unemployment compensation and early retirement for labour market reasons.

Source: OECD, 1989a, pp. 206-207.

export-led economic growth, linked to price and income moderation. The defensive industrial policy was abolished in order to reduce the budget deficit. Also in 1982 the krona was devaluated by 16% and the budget deficit of 13% in 1982 turned into a surplus of 1% in 1988; exports boomed and unemployment and inflation fell. Since 1985, GDP has grown by an average of 2.3%, well below the OECD average of 3.5%. Growth is forecast to slump to only 1-1.5% in 1990 and 1991. Big wage increase and sluggish productivity growth have pushed up inflation and eroded industry's international competitiveness. Inflation is expected to rise to 10% in 1991. Sweden's current account deficit is forecast to widen to 4% of GDP in 1991. The Swedish labour market shows a significant amount of flexibility. Compared internationally, the Non Accelerating Inflationary Rate of Unemployment (NAIRU), long-term unemployment and youth unemployment are low and part-time employment is high. Moreover, real wage rigidity is low and mobility patterns seem favourable (OECD, 1989b). Sweden has undoubtedly achieved a better trade-off between unemployment and inflation than most countries, thanks to its active labour market policy. The latter is alive and well (The Economist, 1990, p. 4). During the second half of the 1970s the unemployment rate was about 2%. The unemployment rate peaked in 1983 (2.9%) and is currently running at a mere 1.3%. However, skill shortages rose sharply during 1988, reaching their highest level since 1970 (OECD, 1989a, p. 21). The Swedish industry now invests more abroad than in Sweden, a tendency which undermines the selective economic growth policy, which relies on profitable companies investing in Sweden. The reasons given for this flight of capital out of the country include a need to move nearer to other markets, rising labour costs, labour shortages, high rates of absence from work and the taxation system (EIRR, 1990a, p. 23; The Economist, 1990).

Around 1970, the trade unions were forced to conclude that certain issues of importance to them could not be resolved by means of direct contract negotiations with SAF. The unions asked the government and parliament to pass legislation to bring about improvements in areas such as job

security and employee participation in decision-making. These trade union demands resulted in a number of new laws. The most important is the Act on Employee Participation in Decision-making, which came into force in 1977. The law required employers to negotiate not only in the area of social affairs but to negotiate all major changes in working conditions, including questions of what to produce and how to produce it. They had to give the union access to almost all of the company's economic information. The extensive union rights were used primarily to negotiate employment levels and the timing of dismissals, however (Slomp, 1990, p. 162).

Throughout the post-war period, the labour market in Sweden has been well-known as being highly stable and harmonious in comparison with most other European countries. Few working days have been lost because of disputes. However, after the 1980 conflict the Swedish industrial relations model has come in for extensive debate. In the 1980's the centralized wage bargaining broke down. In 1983 the Engineering Employers' Association signed a separate agreement with the Metal Worker's Union. This impetus for change came from the employers' side. LO and SAF agreed there would be no centralized negotiations in 1984. There has always been a sizable element of wage drift, but in recent years wage drift accounted for more than half of the total increase. In addition, the LO and SAF failed once again to agree on a national norm this year, with the unions refusing to restrain their wages despite the deteriorating economic situation.

LO's primary objective has been to narrow pay differentials between various groups on the labour market. A certain degree of equalization has been achieved, despite the fact that market forces have acted in the opposite direction, e.g. profit sharing, productivity-based deals and employee "convertible loans". The latter undermined the solidaristic wage policy. The wage solidarity policy has also been important in narrowing pay differentials between men and women. Nevertheless, the gap is still wide. Recent trends towards more decentralized collective bargaining have been accompanied by a worsening of women's relative pay position. The Swedish labour market is more segregated along gender lines than in most other European countries (EIRR, 1990a).

#### 2.4 **The Swedish model: relevant for other countries?**<sup>7</sup>

As follows from section 3, the Swedish model is recently brought up for discussion. High inflation, large budget and current account deficits and high capital exports seem to be the most important problems. This year we could read in the newspapers about strikes and a rejection of the proposed economic policy resulting in a resignation of the Social Democratic Government. What has gone wrong? Swedish economy had to contend with several problems. Firstly, there were structural problems in the steel, textile and the shipbuilding industries. These industries had always

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<sup>7</sup> Before dealing with this question we notice that according to Jonzon (1989, p. 13): "But what is really interesting with the Swedish model for full employment is nothing of a secret formula or the extensive list of measures. There is no Swedish model that can be accepted or rejected, bought or sold. There is simply an approach - founded on dedicated innovative hard work".

been heavily subsidized but were not healthy enough to survive increasing competition. Secondly, the modernization of the Swedish industry stayed behind the expectations. Thirdly, investments abroad by Swedish companies rose sharply during the last decade. Fourthly, there is a trend towards decentralization of wage negotiations.

The recent problems shed new light upon the question whether the Swedish model can be exported. Meidner and Rehn state that the recent problems do not show the failure of the model, but only the failure of a modified version of the model. The main modifications being a decentralization of wage negotiations; a general as opposed to selective expansionist programmes; absence of fiscal restraints and solidaristic wage policy (EIRR, 1990b). According to others (Peterson, 1987; Gruisen, 1987) the problems show the failure and the nearing end of this model. Supply-side rigidities and fixing unemployment below the NAIRU are responsible (The Economist, 1990; Kelzer, 1990). Following this view, the Swedish economy can recover when taxes are lowered<sup>a</sup> and government expenses are decreased in order to improve the supply-side of the economy; decentralization of wage determination can improve the incentives for schooling via wage competition and an increase in unemployment can take the heat out of the Swedish economy.

However, these kind of measures seem to be in glaring contradiction with Swedish economic and cultural development. An adoption of these supply-side policy options will greatly influence the basic features of the Swedish model. An increase in unemployment will influence the active labour market policy, notably the-right-to-work principle. Decentralization of wage bargaining endangers both the solidaristic wage policy and the active labour market policy.

The most striking results of the Swedish model concern long-term unemployment. Interesting evidence with regard to OECD-countries is provided in a recent paper by Layard (1989). After a first glance on growth and unemployment figures he concludes: "Thus the 18 million unemployed are Western Europe's greatest untapped resource.(...). A half of them have been unemployed for over a year" (p. 1, underlining the authors). As follows from section 3, the figure for Sweden is only 8.2%. Layard concludes that three elements seem to be important in fighting long-term unemployment: finite benefits, active labour market policy and centralized wage bargaining. From this analysis follows that whereas the-right-to-income policy has led to increasing long-term unemployment, the-right-to-work principle has improved the supply-side of the economy.

In section 3 it was concluded that in Sweden the long-term unemployment is evaded and the hysteresis effect is reduced by means of active labour market policy. This includes the

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<sup>a</sup> After January 1991 the highest income tax rate will stepwise be reduced to 50% and the variable corporate tax will be replaced by a uniform 30% rate. However, the tax base will be broadened to finance this tax cut, thus it is not clear whether the tax burden will decrease.



development of training programmes with compulsory participation and job guarantees, whereby government acts as an employer of last resort. Finite unemployment benefits and vacancy registration cover these measures.<sup>9</sup> This Swedish approach is a view on unemployment: "Unemployment is in itself a burden on society, and a cost. It represents a valuable production capacity that is wasted. (...). No country is rich enough to afford unemployment" (Jonzon, 1989, p. 13). An increase in unemployment does not fit in such a picture. Rehn and Meidner made a series of suggestions in line with the Swedish model like raising productivity and investments, especially in "high-tech" branches; company level training and adult education and "greater caution should be exercised in the supervision of the budgetary process" (EIRR, 1990b).

The Swedish experience with active labour market policy shows in our view that the reported high degree of long-term unemployment in parts of the OECD is evitable. One may wonder why the benefit principle rules the world. There is hardly any good reason to give people income without a job opportunity. Or, as in e.g. the Netherlands, develop schooling programmes without job opportunities. Passive labour market policies created a labour reserve that could not be used when necessary. It did not help to relieve both quantitative and qualitative discrepancies on the labour market. However, in Sweden, part of the active labour market measures can be classified as supply-side activities enhancing labour market flexibility. We agree with Layard that it is worthwhile for countries to reallocate the division of their expenditures on labour market programmes into the Swedish direction (See Table 2).

For the above mentioned measures to be effective, consensus is a condition sine qua non.<sup>10</sup> In the past, consensus was reached by means of centralized bargaining. This point is much stressed in the literature (Elvander, 1989; Layard, 1989; Albeda, 1990; The Economist, 1990). Albeda (1990) mentions three elements that are characteristic for the Swedish labour relations. Firstly, he states, Sweden is a country with a great consensus. There is hardly any kind of compartmentalization and the Social Democrats have been in government from 1930 onwards.<sup>11</sup> Secondly, Sweden has a very high level of organization on both sides of the labour market and thirdly, there is (close) cooperation between the trade unions and the Social Democratic Party. Thus, Albeda concludes, this "neocorporatist" society is very manageable. The degree of corporatism is important according to both Albeda and Layard, because this is a necessary (although not sufficient) condition for the possibility of centralised bargaining. The relevance stems from the fact that in the Swedish model labour market parties negotiate not only about wages, but make arrangements

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<sup>9</sup> In 1988, about 70% of all unemployed receiving training found a job within 6 months. It appears also that after training most individuals were able to command higher wages (OECD, 1989b, p. 82).

<sup>10</sup> Recently the Swedish Government announced a wage, price and rent freeze and plans to make employers responsible for sickness benefits during the first two weeks. Although the measures are a deviation from the Swedish model, LO has backed the plan.

<sup>11</sup> Only in 1976-82 there was a non-socialist government.

about employment measures and incomes policy measures as well. Centralized bargaining seems the only way to reach a workable agreement in such a case (See also Albeda and Van Veen, 1990). Without some kind of centralized bargaining, active labour market policy might be difficult to implement. With decentralized bargaining, parties may assume that other sectors in the economy will take care of prevailing unemployment. They may simply shift the unemployment problem onto the rest of the economy. No sector will make enough room for schooling and job guarantees, shifting the problems onto the government. Central bargaining is a means to internalise the externality which exists when, under decentralized bargaining, the parties ignore the effects of their actions on the job opportunities for others.

Evidence in several countries including the Netherlands (Albeda, 1990) and the Nordic countries (Elvander, 1989) shows that centralized wage determination is difficult to arrange and maintain. The Swedish LO blames decentralization for the wage explosion, and urged to return to central bargaining. For centralized bargaining to work well, wages must be set by the sector that is exposed to international competition, and then the rest of the economy must step in line. The public sector jobs have expanded (over 35% of the work force) and the public sector unions have become too powerful, shifting wage leadership partly to this sheltered sector. In this environment, centralized bargaining becomes flawed (The Economist, 1990, p. 6). However, the public employer function of the government can be an effective instrument of income policy. Experience in Sweden over the last few years suggest that this is almost the only weapon in the income policy arsenal which has not been exhausted. If the basic principle underlying the solidaristic wage policy is to be feasible, the demands of the public employees for compensation must not obstruct changes either upwards or downwards in wage differentials. The solution could be, like in 1986, the drop of the automatic element in the wage drift guarantee, and the postponement of the whole question of possible compensation for any declared lag in relation to the private employees, without a guarantee that such compensations will be the same for everybody (Elvander, 1989). Elvander also asks whether it is possible that an alternation between central agreements on general issues (general wage limits, working hours, equalization of benefits) on the one hand, and agreements at the sectoral union level on the other could solve the problem of satisfying overall long-term interests as well as specific national union demands. Our answer would be that for the Swedish model to survive and to be imported by other countries ways have to be found that deal with these tensions between the various negotiation levels.

Finally we want to point on one trend that must be kept in mind when discussing the suitability of the Swedish model. After 1992, the European internal market will exist. This will increase competition (also wage competition) and increase the mobility possibilities of labour. What will happen when some countries adopt a Swedish approach and others do not? Will labour leave the "Swedish" countries in times of high employment and return in times of high unemployment? We come to a conclusion. In our view the Swedish model has proved its value with regard to labour market policy. Especially the achievements with regard to the duration of unemployment

rise high above other European countries. The principle of "active" in place of "passive" labour market policy has prevented an increase in long-term unemployment and counteracted hysteresis. In our view, this part of the Swedish model should be imported by countries that suffer from high long-term unemployment and in this sense the Swedish model is (partially) relevant for other countries. It is a way out of the unemployment trap. Although the Swedish labour market is highly regulated it is as flexible as the United States. Swedish experience has proved that active labour market policy may serve as an alternative for deregulation in order to augment the flexibility of the labour market. However, as the recent past shows, the Swedish model is under attack. It is an open question whether this model can survive in a setting of decentralized bargains, increasing wage differentials and an increasingly competitive world.

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**II**

**TRILATERALISM IN EUROPE**

### 3. THE FUTURE OF TRIPARTISM IN EUROPE

H. Slomp

#### 3.1 The nature of European labour relations

Most of the comparative literature on labour relations points to the differences between the European nations, and to the existence of national traditions of conflict and conflict resolution, bargaining, consultation, and cooperation. The prevailing approach of nation-to-nation comparisons tends to hide the fact that (Western) European labour relations have much in common, when viewed in a wider perspective. Common characteristics are:

- *Collective bargaining* at the industrial branch or sector level, probably the most outstanding common feature of European labour relations. Although the extent and scope of this kind of contacts between unions and employers' organizations differs widely among the European nations, the branch or sector level represents an important forum of decision-making with respect to labour conditions or procedures of conflict resolution.
- *Worker participation*, in one form or another, at the enterprise level. National differences on this point concern the extent and the degree of formalization, as well as the position of the enterprise union representation vis-a-vis works councils.
- A relatively high level of *government involvement* in the regulation of labour relations, and of government interference in employer-union bargaining and conflict. Treating European labour relations as a two-party affair would seriously miss the mark: Three, not two parties are involved, including the national government, though the status of this third party may be different from that of the other parties.
- In combination, these three distinct features determine the nature of European labour relations as one consisting of *three parties* interacting at *three levels*. National organizations and the national government at the central or national level, branch organizations at the industrial branch or sector level, unions, management and the company workforce at the enterprise (and workshop) level. At the branch and enterprise levels the government is often involved indirectly at most, making the rules, but it may also be active as a mediator or arbitrator. Moreover, activities at the three levels are related to each other.

Outside Europe one has to go a long way to find such an interplay between three parties and three levels. In other industrialized countries either the central level or the branch level is less developed as a forum, or an arena, of unions, employers organizations, and national government. See Diagram 1.

Diagram 1: The parties and levels of European labour relations

central level	national organizations national government
branch level	branch organizations national government (indirectly)
enterprise level	union- or workforce representation management national government (indirectly)

**3.2 Three parties and three levels at work**

European labour relations are a three-party and a three-level affair. This does not imply that European labour relations are uniform. Within this general framework there exist as many variations as there are nations.

Only some countries have known periods in which the levels functioned as three stages in the process of wage bargaining. As examples might be cited Italy's 'articulated bargaining' and the Irish 'wage rounds' of the 1960s. More often the three levels were related less closely and different subjects were discussed and decided at each level. For instance, social security at the national level, payment and working hours among the branch organizations, and the introduction of new technology within the enterprise. Even more important, in a number of countries labour relations seem a two-level rather than a three level affair. In France, union-employer contacts at the national level have almost been absent. In that country, the central or national level derives its importance mainly from frequent union-government conflicts. In a few other countries the enterprise level seems underdeveloped, though in Germany and the Netherlands union absence at this level is compensated for by strong works councils.

With respect to the relative importance of each of the levels and the nature of the contacts between the three parties at each level, a distinction can be made in three models of labour relations.<sup>1</sup>

- In the *British model*, partly applying also to Ireland, the role of national government has been a modest one until recently. Branch level contacts between unions and employer organizations provide for procedures to be followed in enterprise or shopfloor bargaining. Occasional central level contacts have mainly served the formation and implementation of a statutory wage policy or some kind of voluntary wage restraint.

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<sup>1</sup> The distinction in three models is worked out more in detail in: Hans Slomp, *Labor Relations in Europe, A History of Issues and Developments*, Westport CT: Greenwood Press, 1990.

- In the *French model*, prevalent in France and the Mediterranean countries, enterprise level worker militancy has been just as, or even more decisive in bringing about changes in labour conditions than branch agreements. The central level has functioned as an arena of union-government conflict, including political and general strikes, 'days of action' and the like, and of informal employer-consultation in social and economic policy.
- In the *German model*, branch bargaining sets strict limits to enterprise worker militancy and to worker participation. National organizations often coordinate the negotiations for collective agreements. The national organizations' authority and willingness to compromise permit also formal consultative activities. So, tripartism exists only as a more permanent feature in this model, which applies to Germany, Scandinavia, the Low Countries, and Austria. Germany is an important exception in one respect. Due to the conditions under which free bargaining was reinstalled after the war, and the great value attached to state non-interference, the central level has been less developed in that country than in the smaller German-model nations. The specific condition of 'smallness' might be another factor relevant for this difference between Germany and the rest of the group.<sup>2</sup> See Diagram 2.

**Diagram 2: Three models of labour relations**

	British model	French model	German model
national level	mainly serving wage policy	union-government conflict government-employer consultation	consultation, and coordination of bargaining (tripartism)
branch level	collective bargaining	collective bargaining	collective bargaining
enterprise level	informal bargaining	worker militancy worker participation	worker participation

Since tripartism is mainly confined to the German model of labour relations, the question of its future is a twofold one. The first is, will tripartism be continued in the German model? The second is, will the French and the British models also adopt forms of tripartism?

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<sup>2</sup> As argued in: Peter J. Katzenstein, *Small States in World Markets, Industrial Policy in Europe*, Ithaca N.Y.: Cornell U.P., 1985.



### 3.3 Tripartism in the German model

Tripartism, as practised in the smaller German-model nations, serves two functions:

- First, union- and employer *consultation* by the national government, a function well covered by the extensive literature on neo-corporatism. The process prevails in social and economic policy, but has been extended to a wide range of policy fields, including housing, health care, education, and environmental policy. In contrast to the formal councils of the Low countries (the Belgian NAR/CNT and the Dutch SER), Scandinavia (and Belgium in some periods) have preferred more informal consultation, like the Swedish 'Thursday-club'.
- Second, the *coordination of collective bargaining* which takes place at the branch and enterprise levels. During most of the postwar period the national union and employer organizations took care of this task in a form of bipartism. The national government hardly participated, with the exception of the first years of post-war reconstruction.<sup>3</sup> In the 1970s governments were increasingly involved in the coordination of wage bargaining, in formal or informal talks, bypassing the formal institutions of tripartism: The official separation between consultation and collective bargaining was continued, though in practice the two were often interwoven (as they traditionally have been in Austria's Paritary Committee). In the course of the talks governments committed themselves to legislation in the fields of social security benefits, taxation policy, or even worker participation, which allowed the national organizations to advise or impose wage restraint upon the branch organizations. A more popular form of government involvement was the announcement of some form of statutory wage policy, followed by tripartite talks to find a compensation, or to substitute voluntary restraint for the government measures. Examples of this kind of tripartism were the Swedish Haga-meetings, the Danish government involvement in central bargaining, and the Belgian informal meetings in the late 1970s and early 1980s.<sup>4</sup>

Among the backgrounds to the transition from two-party to three-party activity in this field were the high wage demands during the period of increased worker militancy following May 1868, the oil crises of 1974 and 1980, and the rise of inflation and unemployment in the course of the 1970s and 1980s. Other motives for national governments to take part were related to the links between wages and social security benefits, which contributed to the rise of social security costs, and to the position of the state as the nation's largest employer. National governments allowed not only a growth in the number of state employees, but also granted them more bargaining rights. In the

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<sup>3</sup> The Dutch 'guided wage policy' could be regarded as an exception.

<sup>4</sup> A survey of government activities in this field in: Ank Michels and Hans Slomp, *The Role of Government in Collective Bargaining: Scandinavia and the Low Countries*, *Scandinavian Political Studies* 13 (1990) nr 1, 21-35.

1980s this form of tripartism was more frequent in Scandinavia than in the Low Countries, where the very high level of unemployment enforced wage restraint right away.

The first function of tripartism has survived dramatic changes in economic conditions, from high growth rates to recession, and from full employment to high unemployment. It was also rather immune to changes in political conditions, in particular in cabinet composition. Contrary to some of the theoretical notions about neocorporatism, socialist participation in government has not been a precondition of tripartist success, at least not in the long run. The second function also survived under different political and economic conditions, so there is no need to fear for its future.

The future of both functions of tripartism looks even brighter in view of a phenomenon which is gradually changing the German model of labour relations to some extent, the decentralization of collective bargaining. The partial shift from branch to enterprise level increases the need of coordination at the central level, and also of legislation to provide general rules for the many enterprise level-innovations in labour contracts and working hours. Such new developments strengthen each of the two functions separately, and their combination at tripartite meetings, at which both legislation and collective bargaining are important topics of debate and negotiations. The extension of tripartism offers a guarantee for the continued hold of the national organizations over collective bargaining. Indeed, the very backgrounds to the decentralization of bargaining provide (new) fields of legislation and tripartite coordination:

- The powerful ideal of democracy and worker participation in enterprise decision making has been at the root of agreements and legislation to extend the powers of works councils and the union representation in the enterprise. This trend has not been affected by adverse economic conditions. The extension has been the subject of national agreements or legislation (and consultation) in all smaller nations.
- The ongoing shift from manual to clerical work also favored the position of the enterprise level and reduced the role of 'outside' forces like the branch organizations of employers and unions. This trend to 'exclusion' American-style will probably motivate the development of general rules, for instance about career patterns, paid educational leave, fringe benefits, and protection against dismissal.
- The growth of female labour, which has been (or better: should have been) accompanied by enterprise child care provisions and enterprise activities to increase the number of women in higher-echelon functions by way of positive action. Legislation and tripartite agreements on these subjects and on protection against sexual harassment have been called forward by the European Community's Directives.
- The extension of flexi-time, giving rise to detailed provisions at enterprise level. In some countries, in particular Denmark and the Netherlands, its popularity is linked to the growth of female employment especially. The deviation from traditional working hours

requires adaptation of existing social legislation and new general guidelines on working time as well as shop opening hours.<sup>5</sup>

- The introduction of new technologies has prompted enterprise-based union or works council responses. The fast speed of technological change in production and office work continues to motivate such responses rather than branch level solutions. This is another promising field of legal and tripartite frameworks.
- Several other topics of enterprise bargaining are related to changes in economic conditions, like employment level, vocational training and early retirement. They have also been subjects of central level agreements and legislation.

To summarize, the trend of a partial decentralization from branch to enterprise level is due to lasting social and economic changes which in themselves offer new opportunities for tripartism. These opportunities constitute a response to the challenge which the decentralization poses to the established position of unions and employer organizations. The result could well be an even more balanced 'division of work' among the three levels of European labour relations.

#### 3.4 Tripartism in the French and British models of labour relations

Tripartism has never been a constituent part of the *French* model. Three-party talks have been rare, and two-party meetings at the national level have been just as uncommon. The main factors which have prevented the rise of anything like tripartism have been immanent to the relationship between the three parties.

- First, the relation between unions and employers' associations has been a highly contentious one. Conflict rather than compromise has been the dominant tradition, at least until very recently.
- Second, the national government has never been able to acquire the status of an outside and relatively neutral institution, able or willing to adopt a role as arbiter or mediator. Rather, the state was either (in the unions' view) an employers' instrument, which had to be forced to pass any social legislation. Employers regarded the more incidental leftist governments as nightmares of all kinds of ill-fated hardship for enterprises. (Of course, this attitude applied more to France and Spain than to the recurrent coalition governments in Italy.)
- Third, neither the unions, nor the employers organizations have a tradition of organization similar to the one in the German model, though the longlasting communist domination of the major unions has been conducive to membership discipline.

Since French model labour relations are highly political in nature and strongly related to political conflict, political rather than economic or social changes are a precondition to any change in the

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<sup>5</sup> Cf. Lei Delsen, European Trade Unions and the Flexible Workforce, *Industrial Relations Journal* 21(1990) nr 4 (forthcoming).

model, including a possible turn to tripartism. A number of such changes were apparent in the 1980s and they will probably continue in the 1990s.

The first factor has been affected by the change in international communism. Union relations with the communist parties have loosened and the unions have adopted at least a bit of the social democrats' willingness to compromise. Recent central agreements in France and the process of 'social concertation' in Spain may be examples of a new course. At the same time some of the larger enterprises, like IRI and FIAT in Italy and Michelin have adopted more positive attitudes toward worker participation, which might be the start of a new 'social face' of French-model employers, as well as topics of central level negotiations.

An even more important change, in particular in France and Spain, has affected the position of national government. In both countries (and in Greece in the early 1980s), socialist governments have done their best not to alienate employers, almost up to the point of alienating the unions. Measures like the Auroux-reforms in France have reinforced this trend of de-politicization. National governments have still been the target of major national actions, but in general the unions' and employer organizations' attention has shifted somewhat from the state to collective bargaining. As a consequence, national government has moved a certain distance along the road to a less partisan and a more neutral position vis-a-vis the other parties.

The third factor, formal organization, remains rather weak when compared to the German model. The tradition of enterprise bargaining rather than branch bargaining requires less membership discipline, however.

To sum up, the French model, though with national variations, has changed in at least two respects: in the willingness of the parties to bargain and in the position of the national government. Both changes constitute preconditions of a move towards tripartism, like they are in the German model. The predominance of enterprise bargaining in the French model has always acted as a stimulus of central level activities, be it conflict rather than bargaining. The change in conditions might transform this tradition of conflict into one of relative concertation and bargaining, i.e. of tripartism. The political scene and the degree of formal organization represent imponderables for this development, however.

In the *British* model, and in *Germany*, the central level has been least developed. The recent legislation (to be) imposed on British and Irish labour relations by the national governments have not brought about any change in that respect. Moreover, the formalization of bargaining and the relative centralization from workshop to enterprise level do not raise any need of tripartite coordination. In Germany, free bargaining without government intervention has been even more of a sacred principle. The integration of Eastern Germany will not change this situation, since in that

country the state is regarded even more as an evil institution than it has been in the labour relations of the Federal Republic.

### 3.5 The European Community

The de-politicization of the French model and the decentralization in the German model point to a certain degree of convergence in *European labour relations*. In both models a number of conditions seem to offer chances for tripartism. New chances in the French model, and an expansion of tripartism in the small nations of the German model. Only in the British model, and in Germany, is the central level not sufficiently developed to allow for tripartism. The convergence reaffirms the nature of European labour relations as a three-party and a three-level affair: it is the nature of the relations between the parties involved that changes most.

What about the *European Community* and '1992'? The answer to that question is a simple one. One look at the economic and social conditions which contribute to the decentralization of collective bargaining in the German model will show that most of these processes constitute part of the preparations for '1992'. Although other backgrounds should not be overlooked, for instance internationalization and responses to the labour market, several of the conditions mentioned have been consciously framed to anticipate the opening up of the internal market. Examples are the introduction of new technology, flexi-time, and the extension of all kinds of education and vocational training. The same applies to the political changes in the French model. The changes in this model have been part of frantic efforts to bring social legislation and collective bargaining in line with the situation in the German model. Portugal is the only country hardly affected by this trend. As a consequence, the changes which have been described form a part of '1992', and will continue afterwards. Because of the high risen expectations their pace of development could well be faster until 1992 than after that fateful year!

Tripartism might even extend to the Community level, in particular with respect to issues dealt with by the Community, like female employment and worker participation. However, the extension of tripartism to that level is only in an infant stage. National governments still determine the Community's freedom of action in the social field. Hence, the further development of tripartism depends on the experience of the national governments and on the expansion of tripartism in the French model, rather than on 'autonomous' Community level changes. In view of the state of disarray of the British model, the French and the German models of labour relations will lead the way to such Community level relations.<sup>6</sup>

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<sup>6</sup> Recent developments are covered by *European Industrial Relations Review* and the *Reports* of the European Trade Union Institute, Brussels. Cf. Klaus Armingeon, *Arbeitsbeziehungen und Gewerkschaftsentwicklung in den achtziger Jahren, Ein Vergleich der OECD-Länder*, *Politische Vierteljahresschrift* 30(1989) nr 4, 603-628.

#### 4. 1992 AND THE SOCIAL DIMENSION

J. Goetschy-Hingel

##### 4.1 Introduction

This paper is based on 'a state of the art report' on Social Europe which I have been asked to write up for the French Ministry of Research and Technology. Some preliminary conclusions can be found in a recent article of the *Revue Française des Affaires Sociales* (1/90).

Initially the research design contained 3 major questions:

a. What are the anticipations of the various national labour movements in Europe vis-à-vis the social implications of 92: what are their hopes and fears? Which solutions do they propose in order to face the new issues at stake? In which way are they redefining their general policies and bargaining strategies?

b. Which are the main social and political actors (including the major European institutions) behind the construction of a Social Europe? This implies examining the concrete role played by the Commission, EP, Council, UNICE, ETUC, the European sectorial trade-union committees, the Economic and Social Committee etc.

Which are the organizational strengths and weaknesses of these respective institutions? What about the diversity of interests they represent? What can be said about the quality of their relationships and their respective balance of power?

Beyond the Rome Treaty and the Single European Act, which type of decision making processes are actually taking place?

c. What have been until now the major achievements of a social Europe?

- firstly: what has been achieved as regards the basic regulation mechanisms? that is, to what extent have the rules of the game and the normative frames which underpin a future SE, been set up?

In the sphere of industrial relations, this implies choosing the type of the rule making methods (legal versus collective bargaining) as well as defining the relevant and legitimate rule-making levels: which role respectively for the European level, national level, regional level, enterprise level?

- secondly, which progress have been made as to the content-matter itself such as H&S issues; how far, has one advanced in the implementation of the action programme of the social charter (future directives on working time; atypical work; sub-contracting; worker participation etc.); assessment of the Social Dialogue; evaluation of the European combine committees...

For a start, we would like to formulate the two following remarks.

Remark 1: the very construction of the European social and political actors and the setting up of the rules of the game in the field of European industrial relations are, according to me, and for the time being, the two major achievements of the ongoing and accelerating process of the building up of a Social Europe (of course the content-matter is not absent, results exist already in H&S matters or training issues).

Due to this result and to space constraints, this paper will essentially deal with these two aspects.

Remark 2: the European social dimension is going through a highly sensitive and crucial period of its history, which means that all actors and institutions involved tend to over react when something is said about them; we are in a crucial phase where hopes are vested in institutional reforms of the Treaty for the forthcoming intergovernmental conference: the EP hopes to enlarge the cooperation procedure to all social questions (limited until now to H&S), the ESC (Economic and Social Committee) would like to see its cooperation role increased. And the introduction of the first steps of an economic and monetary union (EMU), increases the worries regarding social aspects.

I shall therefore try to keep to a careful though freely outspoken analysis. The perspective is one of a sociologist and political scientist specialized in comparative industrial relations.

#### 4.2 **The dynamic of the social european dimension: reasons and consequences**

##### 1. A new impetus for the social dimension

The speed of the construction of a Social Europe has been increasing drastically over the last 3 years. However, one needs to be careful not to associate too simplistically such an acceleration with a trend towards more dirigism in the conduct of the social dimension (we disagree slightly on that point with the conclusion of Teague in BJIR, nov 89). Indeed, an intense activity on behalf of the European institutions and the ongoing structuration process of European social actors (ETUC, UNICE, CEEP) does not mean necessarily that the norms and regulations set by them are bound to be of a dirigist nature.

The upsurge of the social dimension is first largely due to the ideological convictions of Delors and to his believe that economic and social progress are linked in a dialectic way (see the "social conclusions" of the European Council meetings of Hanovre (27-28 June, 1988), Rhodes (2-3 December, 1988), Madrid (26-27 June, 1989). Such a political will was going to be difficult to put into practice given on the one hand the frank opposition of the Thatcher government, and on the other hand the fairly low social standards of the new countries having joined the EEC (Portugal, Spain, Greece) which led to an increasing heterogeneity of interests between countries in the social field. However, it is precisely the very existence of such a disparity of social standards which was going to legitimate the necessary setting up of a European social charter of minimal rights; in other words, if the diversity and disparity as to social standards'levels and content increase the difficulty of Member states to come to terms, diversity justifies on the other hand the

creation of some sort of European norms (such as a plinth of social rights), given the implicit consensus of Member states around the safeguard of a certain degree of economic and social cohesion within the EEC (see Rhodes, December 1988).

Second, the decision to complete rather rapidly the economic European integration, was bound to generate a bulk of questions in the social sphere. The feared consequences of 92 in the social sphere were mainly the risk of Social dumping (European employers (UNICE) consider "social dumping" to be a too catastrophic term; they prefer to stick to the less emotional term "wage cost differentials") and the delocalisation of employment resulting from more mobile company strategies in a context of sharpened competition. Most national labour movements have thus expressed worries as to increasing unemployment consequent to 92 (especially in the so-called "sensitive" Cecchini sectors) as to the risk of a gradual dismantling of the "national social patrimonies" of Northern European countries such as FRG, DK, Netherlands, Belgium, France etc... (due to the social convergence effect): most union confederations have produced some specific manifesto on the social consequences of 92 which renders explicit their anticipations and nation-bound fears (we are carrying out a comparative analysis of them, too long to report here). It is clear by now, that a too simplistic opposition between Northern countries (with high labour costs) and Southern countries (with low labour costs) should be avoided. Indeed, factors such as the level of qualification of the workforce, advanced welfare systems which encourage labour mobility and the settlement of wage earners, develop networks of infrastructures, financial services etc... pleade also in favour of the settlement of companies and job creation in Northern countries (altogether, GB, Spain, Portugal and Greece appear though as the main economic winners; see for instance the recent study of D.Neven, forthcoming article in the journal *Economic Policy*). The acceleration of the European economic integration required a reform of the competences of European institutions (through the SEA) as well as a changing integration strategy i.e. move from a logic of harmonization to a logic of mutual recognition. This latter change in strategy, was also going to apply in the social field. As to the SEA, however restrictive on social issues, it enabled nevertheless to make progresses as regards health and safety matters (for which the cooperation procedure with the EP and the qualified majority in the Council could be applied) and to strengthen the Social Dialogue (we give an evaluation of the Social Dialogue after 4 years of functioning in *Revue Française des Affaires Sociales*, 1/90).

Third, with the decision to establish at community level a Social Charter which ended up finally with a solemn declaration and an action programme, it appeared clearly that the social dimension had become a legitimate part on the agenda of EEC affairs.

With the implementation of the action Programme the social dynamic is thus launched. And the Commission is determined to present most to the draft directives on the basis of art 100 and 118 A (cooperation procedure with the Parliament and qualified majority in the Council): how successful such a strategy will be, remains to be seen, but the political will is there. In order to implement the action programme, the Commission has set up formally a procedure enabling



social partners to be more closely associated in the "legal" decision-making process, that is in the drafting phase of the Commission's directives. If the social partners welcome such developments, they also manifest some reserve. ETUC for instance fears that such involvement in the "legal machinery" might jeopardize and dilute the role of the institutionalized Social Dialogue; further, ETUC is afraid that the social partners' involvement might enable the Commission to draft less ambitious proposals with the caution of the social actors...Such participation of social partners in the legal machinery reminds us indeed of the early days of the Social Dialogue where Delors expected the latter to produce preliminary proposals for legislation, a view rejected at the very beginning by UNICE.

Fourth, the ongoing discussions on the institutional reforms of the Treaty (i.e. on a possible extension of the cooperation procedure with the EP and the qualified majority in the Council to all social questions) with the frame of the forthcoming Intergovernmental conference on the EMU and on the political union, contribute indeed to the speeding up of the construction of the social dimension (see Mr. Eyskens' memorandum; D. Martin's report and the expected Colombo report). It is clear that such institutional changes will make it easier to produce results in the social sphere and will multiply thus the number of proposals and draft directives put forward by the Commission.

Progress achieved in the current discussions on political union opens up new perspectives for the social dimension. Three factors have rendered the debate on the political union more urgent: a) the implementation of the action programme; b) the EMU; c) the Eastern European countries and the German reunification. For the action programme to have some substance, its implementation will require some institutional reforms (see above). In so far as major economic and monetary decisions are to be taken at European level, there appears a quest for a more democratic decision-making process through institutional reforms of the Treaty in order to jugulate the so-called "democratic deficit".

From what is said above, it appears clearly that progress in the European social dimension is highly dependent for the moment on progress in the political (i.e. institutional) sphere and pending on political decisions more than on the autonomous organizational forces of the social partners. This means first of all that social partners are in a very active lobbying phase of their history (lobbying on their national government, on their Ministry of labour, on the multitude of European institutions such as the Commission, the ECS, the EP, etc.). In this lobbying phase, ETUC and UNICE play a crucial role, which could not be achieved in a satisfactory manner by the national confederations alone (a point contradicting those who tend to envisage ETUC and UNICE as mere "discussions clubs"). As to national lobbying some national confederations are better prepared for fulfilling such a role than others.

Further, the talks around the EMU and the European political union will oblige national unions to become more involved in global economic and societal issues (such as fiscal questions, environment, education, health, transport) Various union (federation of confederation) congresses state clearly such a need. In other words, the construction of a social Europe requires unions to enhance their political function as a lobby vis-à-vis political or administrative institutions capable of influencing institutional reforms at European level; it pushes them also to specify the type of EMU and European political union they would like to see occurring. ETUC has recently carried out interesting analyses on the social consequences of the EMU. ETUC supports also the present campaign of the ESC (Economic and Social Committee) which would like to see its role increased. Within the EP, ETUC works actively in the frame of the Inter-political union group. Such examples help to understand the sort of political functions European unionism will be expected to fulfil.

Our enquiry reveals also that the perception of the functions seen as priorities for European unionism varied, according to national practices (differences in the existing division of work between federation/confederation and their respective powers as to the conduct of collective bargaining, the launching of strikes) and the organizational level in the union hierarchy: for German unionists for instance, European unionism entails both a strong sectorial logic (the bargaining power lies with the IGs and therefore a great importance is given to European sectorial committees such as EMF, with the aim to reach eventually European collective agreements) as well as a confederal logic (the DGB is influential in ETUC).

For the moment, the sort of European unionism favoured by each national labour movement seems to be congruent with and copy closely existing national practices and scenarios.

ETUC reckons that the construction of a Social Europe is inducing more centralization for union strategies and activities (for the time being the aim is to coordinate union strategies of the various countries on the basis of a few convergent objectives) which will need to be counterbalanced by decentralisation at national, regional and local level: a good understanding of the "subsidiarity" concept applied to the internal organization of union activities.

## 2. The European Social Dimension in Action: its already observable consequences

One often hears negative arguments which speak against SE. Three types of recurrent pessimistic views can be identified. First, some observers reckon that the social dimension lacks somehow of real content and that it confines itself to some ideological lip service developed in order to facilitate on an economic level the single European market. Second, there are even more cynical viewpoints which imply that what is at stake is a downwards revision of national social advantages, and a risk for social national heritages to be dismantled. Third, others consider that by its very nature the content of a social Europe is bound to end up with shallow, abstract, bureaucratic results due to the complicated and difficult political compromises they imply: in other words, such

political and diplomatic compromises (as is the case in most international organizations) are bound to be faded and tend to lose relevance with the initial, crucial problems at stake.

To these sceptical observers, I tend to answer that the proof of the very existence of a social Europe and the accelerated speed of its construction are given by the following factors.

First, the intensity of the conflicts of interests and coalitions which emerge within countries and especially among the European institutions (EP, Council, Commission, ESC, the Social Dialogue) when dealing with specific social items, show clearly that social Europe exists (one has in mind the tormented history of the social charter and its action programme, but also some H&S questions which are not always solved pacifically). Apart from their level of conflictuality, I would add that all these European institutions have been tremendously active over the last 3 years (high number of amendments, resolutions of EP, common standpoints of ESC). Of course, conflicts between institutions but especially those of an internal nature tend to be hidden by them (see for instance the diversity of interest within ETUC or within UNICE); it is understandable, building up processes are always fragile.

Second, the existence of a social Europe can also be illustrated by the effects and implications it already exerts on national industrial relations.

Three types of consequences can already be identified.

First and most interesting, one notices that social partners adopt anticipatory behaviour and attitudes which take into account the 92 dimension and modify for instance their collective bargaining strategies at plant, sectorial and national level.

Example: in the German metal industry, clear links between the 1992 perspective and negotiation strategies can be noticed; generally speaking, one has observed a radicalization of collective bargaining strategies in the metal sector in the FRG over the last years, because what was latently at stake between social partners, are the economic and social implications of 92. Regarding the ongoing collective bargaining negotiations, German employers (BDA) were reluctant to grant the 35 H (with full salary) not knowing which stance other metal employer federations in other European and competing countries would adopt on the issue respective to the 92 deadline: the BDA argued that the annual working time in metal in the FRG is already numerous hours under the European average in the sector (114 hours inferior to the European average), a gap which should according to them be reduced. IG Metall for its part wants to play a pilot role for other European labour movements in reaching the 35 H target; finally a compromise was reached where the 35 H a week are planned for 1/10/95 (the initial claim of IG Metall was the introduction of the 35 H for April 1990). This bargaining result in the metal sector will indeed influence negotiations in other sectors.

Second, though the implementation of the action programme is only on its way, the social Charter itself, despite the fact it is only a solemn declaration, exerts already consequences for some national legislations or union claims. Indeed, it will mean an move upwards principally for Portugal, Spain and Greece. In Portugal for instance the Charter will increase the level of the minimum working age.

In GB, the social charter which grants individuals the freedom to choose to be unionized or not has modified the attitude of labour politicians vis-à-vis the pre-entry closed shop who consider to give up such a practice; and the TUC is discussing the issue very seriously (this will cut the grass of Mrs. Thatcher on the issue as the pre-entry closed shop was banned by the Employment Bill of 1989). However, the logic of the defence of individual rights implies also on the other hand, (and the TUC and the LP consider it essential) that British law recognizes employees the right to join a union and protects them in case of a legal strike so as to be in line with the social legislations of other European countries (FT 17/12/90).

In Ireland, one of the consequences of the Charter which contains the principle of granting a decent and fair wage, has led to a union claim for a minimum wage.

Third, apart from the already observable effects of 92 on bargaining contents or legal norms, one sees that 92 influences the internal structure of national labor movements and employer confederations, as well as the quality of relationships between social partners. In Italy there is a trend towards more unity between the CISL, UIL, CGIL due to 92; the French CFDT has launched a similar call to the divided French unions (not to the CGT) without great success for the moment; in DK, the debates on European H&S issues have led to a better cohesion between union federations within LO.

Moreover, the quality of relations between employer associations and union confederations can also be modified by 92: in Italy, a common standpoint was adopted between employers and unions vis-à-vis the social Charter; the same occurred in Germany; though largely symbolic such moves are not totally meaningless.

In the Netherlands, large companies such as Unilever are pressing the two national employer confederations for restructuration so as to be stronger to face 92.

#### **4.3 Which type of European social regulations<sup>7</sup> in the field of industrial relations?**

Two questions have, over the last years, been splitting the social and political actors as to the construction of a Social Europe: what should be the relevant discussion levels for social matters in

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<sup>7</sup> The word regulations is used in a sociological sense and not in a narrow legal sense.

the perspective of 92? What should be the respective importance of collective bargaining versus legalistic methods in the rule-making process?

On the basis of answers provided to these two questions, one could draw a European map of the preferences of national unions and employer confederations, ETUC, UNICE, Member states, and the various European institutions (EP, ESC, Commission...)

1. What about codification levels?<sup>6</sup>

Which should be in the perspective of 92 and given its anticipated social impacts for working conditions, wages, employment etc., the adequate level(s) for creating social norms and rules in the field of work: the enterprise, the region, the national industrial sector, the national level, the European industrial sector, the European industry-wide level?

To such a question the famous "principle of subsidiarity" proposed the following answer: the best level is the most decentralized level at which a problem can efficiently be solved. This principle put forward in the Padoa-Schioppa Report was endorsed by the Commission, and obtained the favour from the employers (UNICE). Though it was a convenient slogan, this principle has led to fierce fights and quarrels between unions and employers, and between European institutions.

Such a debate on codification levels was essential and one should quietly remember that in most countries similar debates took place internally in their labour relation history and more recently in the respective national social deregulation discussions. UNICE recalls always subsidiarity (it would even like to see it figure in the Treaty); ETUC, depending though on the issue at stake, requires (generally speaking) more codification on a European level (either codification of a legal type, or constraining "common standpoints" within the "Social Dialogue", or European collective agreements).

To make sense, the concept of subsidiarity should not be understood in a narrow way as a simplistic principle merely borrowed from some economic reasoning; it requires to be situated in relation to the institutional, economic and political contingencies/constraints of the time; it took its full meaning, when the harmonization principle was supplemented by the mutual recognition principle. This meant that instead of proceeding with the European harmonization of social legislation which was too slow a process (and all the more difficult in the early 80s given the veto of the British conservative government, and the too great social standards' divergences between countries after the adhesion of Spain, Portugal, Greece), social progress should henceforth be achieved on the basis of broadly defined principles, provisions and convergences between countries; such an attitude was adopted for the social charter (within the ESC) by the Beretta Report which had suggested a social charter "exemplary" in character but without legally binding effect. Paradoxically, "subsidiarity" (i.e. the minimization of central regulations) was expected to

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<sup>6</sup> The term codification is also used in a sociological sense.

facilitate and speed up both economic and social European integration, associated though with institutional reforms (cf. SEA). To fulfil a legitimate and effective role in the social field, the subsidiarity principle, requires though urgently to be associated with the extension of art. 100 and 118 A to all social issues.

2. Which type of rule-making method should be retained for the codification of European labour issues?

What should be the respective importance of collective bargaining versus legal methods (such as directives, statutes, decisions, advices, recommendations)? Each method (legal/CB) implies a different mode of interest representation (for instance the defence of wage earners/professional interests classically through the social partners versus the defence of broader citizens' interests channelled through parliamentary procedures?). Each method grants indeed different powers to different European institutional (political and social) actors.

ETUC (depending on the issue at stake) has tended to favour a more legalistic approach, defending however at the same time the idea of a strengthened role for the Social Dialogue; besides, the European sectorial union committees are working actively on a sectorial (Industrial) basis (see for instance EMF; UITA-ECF; EFCGU; EFBW; Euro-Fiet).

UNICE has been very favourable to the Social Dialogue (a practice nearer to a CB logic) as long as the "common standpoints" remain without legal force; though there exists no agreement of principle of UNICE on the role of European combine committees (a French initiative), their number is growing rapidly (TGP, BSN, Bull, Airbus have already such committees; others are about to be set up Péchiney, Nestlé, Suchard).

As regards the controversial issue of future European collective agreements, a rapprochement of attitudes of both ETUC and UNICE can be noticed.

Whereas it was firmly opposed to European collective agreements, UNICE seems by now ready to envisage in the long future sectorial collective agreements on the basis of the ongoing sectorial dialogue.

ETUC for its part seems to have slightly and realistically stepped back for the moment, trying meanwhile to define convergences between three or four strong and common bargaining objectives around which convergent bargaining strategies would be carried out by the various national union confederations. The aim is thus for the moment for ETUC and for European sectorial union committees to aim at coordinating more efficiently national collective bargaining strategies (on the 35 H issue f.i.).

Remark 1: - What is striking (in the process of setting up the rules of the game) is that social and political actors have been very careful not to jeopardize national dynamics or national coherences at work.

This point can be illustrated by the very history of the decision-making process of the social charter; hesitations remain as to the relative importance to be granted to the European level in the treatment of social issues, given that the charter ended up in an official declaration and an action programme (instead of a legally binding charter); it all depends now on the implementation of the action programme; the Commission priorities for 90 have been set (atypical work, working time, sub-contracting issues, worker participation...are issues to be subject to directives).

As seen above, the Commission has officially introduced a decision-making procedure whereby it associates social partners in the drafting of directives in order to improve the latter's legitimacy and acceptability; after that, the whole legalistic decision-making machinery applies: the big uncertainty remains the one of knowing to what extent the cooperation procedure with the EP and qualified majority in Council will be used as a legal basis by the Commission (extended interpretation of articles 118 A & 100) and which are the chances of success of such a strategy.

Another example relative to the prudence of social actors is illustrated by the assessment one can make of the Social Dialogue's functioning where the difficulty lies in the fact that compromises to be reached should not disturb national negotiation procedures, but must remain sufficiently significant for the Institution to survive.

Besides, the Social Dialogue implies a double compromise: between social partners on the one hand, and between countries within each organization (ETUC and UNICE) on the other hand.

Finally, the legal and structural weaknesses of its components render difficult the conclusion of more committing engagements, not to speak of legally binding "common standpoints". ETUC has not got a real mandate to negotiate on behalf of its affiliates: TUC and DGB having no negotiating rights in their respective countries.

Further, though its representativity is improving (CFTC in France, DAG in FRG, CCOs' in Spain are about to join) some unions are still excluded (CGT in France, the communist union in Portugal, etc.). Finally, ETUC lacks crucially expertise, though national confederations tend to send better elements to BXL.

UNICE for its part seems to be split between multinational interests (GB, Netherlands) and more general national employer associations interests.

The extreme carefulness when engaging in the creation of European social norms, is due to the relative lack of knowledge of decision-makers as to the consequences of their decisions for national norms; which impact does the creation of European social norms have for national conditions of work and terms of employment, as well as for national economies? They fear also to

disturb national coherences and existing national virtuous circles between subtle social and economic regulations (this is the case for instance in the FRG with the "Sozialstaat").

Remark 2: One notices a diversity and multiplicity of rule-making methods (legal versus CB) as well as of discussion levels; such plurality of compromises of different nature and origin has enabled Social Europe to advance, a plurality largely encouraged by the Commission.

However, for the time being, the implementation of the action programme is likely to throw a bit shadow on the Social dialogue (especially with the temporary failure of the discussions on flexibility), and the legal method might thus play a dominant role.

Remark 3: Altogether the decision making-process is a bit complicated given the multiplicity of actors involved (Commission, Council, EP, ESC, consultation with social partners): is there room for an increased role of the Economic and Social Committee which it claims for (a tripartite institution which asserts to offer the advantage of representing professional interests and provide real expertise)? However legitimate the ESC's claim might be, the institutional overload and complexity of the decision-making process has to be kept in mind.

What helps is the relative fast way for the Commission to work as an administration; it has a fairly liberal conception of administration. And the proposal of the recent code of good conduct by the Commission should ease the relationships between EP, Council and Commission, which are going through a fairly tense and conflictual test-period.

#### 4.4

#### Conclusions

1. One observes a clear acceleration of European social codification and norm setting. This is due to the shift from a harmonization logic to a mutual recognition logic, to the impetus inherent in the implementation of the action programme, and more generally to ongoing progress as to the EMU, institutional reforms and political unification. What is clear now is that social issues are fully on the EEC agenda.
2. European institutions involved in the European social rule-making process are about to search an appropriate way to work together (Commission, EP, Council) and a new balance of power is about to be instaurated: it remains uncertain if all social matters will in the future be subject to article 118 and to the cooperation procedure. The amount of work produced in the last 3 years in the social field by the European institutions is impressive (one needs to stress also in this respect the activity of the Economic and Social Committee): more information should be publized to European citizens about results achieved in the social field by the various European institutions (known essentially



by the enlightened elite), all the more that citizens seem favourable to transferring some responsibilities to these institutions (see Eurobaromètre opinion polls).

3. Though the argument of bureaucratization has to be taken seriously, I do not see it as an unsurmountable problem if one takes into account the following factors: "subsidiarity" enables a division of labour and devolution of powers between the various activity levels, and within labour/employer organizations as well as among political actors; an increased role of the EP (and may be also of the ESC) compensates the "democratic deficit" though its burdens the procedure; fairly efficient administrative practices on behalf of the Commission (DGV - the Directorate for social affairs- is understaffed rather than overmanned and the proposed "code of conduct" help to shorten rather lengthy procedures.
4. Social actors such as ETUC and UNICE have to undertake rather rapidly structural/organizational reforms so as to improve their representativity and mandates in order to be adapted and prepared to the job they will be expected to fulfil. ETUC for instance is in the process to undertake such internal organizational changes.
5. In the discussion about the construction of a Social Europe, one should not forget the crucial pioneer role of the type of social policies which are (will) be carried by European multinational firms.
6. One might reasonably conjecture that, given the Europeanization of company strategies on one side, and given the fact that the EMU will make comparisons easier as to social costs and social benefits both for unions and employers, European industrial relations will become more "mimetic" and the risk/or attractive power of social dumping slowly disappear (in instances where it was relevant).

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## 5. EUROPEAN INTEGRATION AND THE SURVIVAL OF TRILATERALISM

D. Corbey

### 5.1 Introduction

Trilateralism (tripartism) is here considered to be a way of decision-making in which industrial relations and social-economic policy are influenced from three sides: the government, employers and unions. The aim of trilateral decision-making is to gain a broad consensus and to ensure the loyalty of the partners involved. It is meant to establish a society where room for private enterprise, a fair distribution of income and an even spreading of power and responsibility, are reconciled. Its rationale is smoothing capitalism.

Trilateralism came into being in the post-war situation, as a result of coalitions between progressive christian-democrats and social-democrats. Two conditions seem to be required in order to maintain a trilateral system of decision-making. First, there must be a common social goal which appeals to both unions and employers and which is compatible with the interest of the three partners and their respective societal supports. Trade unions in the late 40s wanted to canalize capitalism and to lay a bottom-line in order to prevent the events of the 30s from recurring. Governments wanted much the same and employers profited from reconstruction and the renovation of infrastructure. Trilateralism stemmed from the climate of consensus then prevailing in most West European countries.

A second condition seems to be a centralized system of interest representation and an enduring balance of power among the partners involved. If the position of one or two of the partners is seriously weakened then trilateralism will cease to exist.

In the Netherlands the trilateralist edifice, manifested for instance in the Social-Economic Council, still stands for the greater part. However, its functioning has been under discussion ever since the 70s. The state and/or the interest-organizations have been seen as gathering too much weight. Moreover, because of the economic crisis and the rise of unemployment, the system has become rather expensive.

In the literature, factors expected to influence trilateralism are for instance the political composition of government and the economic cycle. A centre-right coalition is supposed to weaken tripartism and economic recovery combined with enduring unemployment alters the balance of power in favor of the employers. A. Geul and others predicted in 1984 on the basis of these factors a poor future for trilateralism in the low countries.<sup>1</sup> Emphasis here, however, is on the impact of European integration on tripartism. A somewhat different picture of the future of trilateralism will appear.

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<sup>1</sup> A. Geul, P. Nobelen and H. Slomp: The future of tripartism in the low countries. In: M.D. ten Hove: The institutions of a changing welfare state. 1984.

Two aspects of European integration are, in this respect, of interest. European integration, in the first place, means further internationalization of national economies. The possible impact of increasing economic internationalization on the conditions for trilateralism, respectively the balance of power and the nation-wide consensus about a common goal, will be discussed in section 2. European integration brings also further internationalization of policy-making. Section 3 is concerned with its impact. Opinions exist which regard the difference between internationalization of the economy and that of policy making as only gradual. This is true in some respects, but for analytical purposes these two aspects are separated here, because, according to the present author, both have different impacts on trilateralism. Section 4, finally, is devoted to some concluding remarks. This paper is meant to contribute to discussion; no empirical evidence is presented.

## **5.2 The impact of internationalization of economy on national trilateralism**

In the 60s and 70s, the increasing internationalization of the national economies received much academic attention. It was seen as resulting in increased global division of labour and national states were recognized as interdependent. This was either supposed to find expression in terms of equalization of factor prices<sup>2</sup> or in terms of increasing trade dependency.

Despite the economic crisis and contrary to the 1930s, the late 70s and early 80s still showed a rising trade-volume.<sup>3</sup> The amount of export as percentage of the GNP rose sharply in the early 80s in all countries of the European Community but has declined somewhat since 1986.

The impact of internationalization of economy on the balance of power among the three partners will be discussed in section 2.1. It is argued that governments, though losing autonomy, actually have increased their power in society because both unions and employers claim support. Section 2.2 concerns the impact of internationalization of economy on the existence of a nation-wide common goal. Although internationalization boosted the goal of national competitiveness, this excluded the unions.

### **5.2.1 A widening scope of governments and interest-organizations**

Interdependency, although praised for its positive impact on efficiency, was supposed to have a negative impact on the position and role of government in society. Interdependency causes governmental action and policy to leak away to foreign countries.

Recent commentators do not deny the leaking away of government power for action. It is, for instance, widely acknowledged that an open economy limits the effectiveness of demand-led

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<sup>2</sup> R. Rosecrance and others: Whither interdependence? *International Organization*, Vol 31 no 3, summer 1977, p.427

<sup>3</sup> OECD Economic outlook: Historical statistics. 1960-1986 and Eurostat: Basic statistics.

growth strategies.<sup>4</sup> But instead of being allowed to resign to its creeping paralysis, the modern state bureaucracies have to face new tasks when national economies are internationalizing. American scientists noted that, from the early 80s on, the familiar laissez-faire and free trade climate has been changing dramatically.<sup>5</sup> Mathematically it was shown that government policy can improve national competitiveness.<sup>6</sup> Government intervention in order to maintain an export surplus has been justified both by academic and political spokesmen. Export subsidies, support of firms, and the aspiration to national welfare, even at the expense of others, have marked the emergence of a new mercantilist period.<sup>7</sup> Policy competition among governments has been seen as a necessary instrument on the road towards international competitiveness.

If aimed at deregulation in order to encourage private enterprise, policy competition may, in theory, lead to a minimal state. In the American domestic policy practice this turned out not to be true.<sup>8</sup> But European governments also tried to support their own firms and to establish industrial policies, thereby enlarging their tasks.

Indeed, the first half of the 1980s showed in Europe an impressive amount of state-intervention, either through direct support of firms or indirectly. Aid to private enterprises fluctuates around 10% of public expenditure but, in some Community member states, they amount around 19%.<sup>9</sup>

Judged by the amount of public expenditure, governmental tasks have indeed not diminished. Government budgets continued to rise - albeit moderately - in the 80s. In fact, as D. Cameron argues, internationalization of the economy tends to strengthen the role of government, not only in industrial matters but also in the social field. For the 60s and 70s, he found statistically that the more open the economy, the higher the public expenditure.<sup>10</sup> Cameron explains this correlation by the industrial structure of open, usually small, countries. Open countries have specialized in few sectors, there is a high degree of industrial concentration. This industrial base facilitates strong labour organizations, which are centralized and act as major partners in the economy. Unions consented to moderate wage-increases, but in return widened the scope of bargaining and made

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<sup>4</sup> P. Creasy: *Structural adjustment in Europe*. London 1987.

<sup>5</sup> K. Stegeman: *Policy rivalry among industrial states: What can we learn from models of strategic trade policy*. *International Organization*, vol 43, no.1 Winter 1989.

<sup>6</sup> In articles by J.A. Brander and B.J. Spencer. For instance: *Export subsidies and international market share rivalry*. In: *Journal of International Economics* 18 (1985).

<sup>7</sup> Th. Geiger: *The future of the international system*, Allen & Unwin, 1988.

<sup>8</sup> L.A. Geelhoed: *De semi-soevereine staat*. In *Socialisme en Democratie*, no. 2 februari 1990.

<sup>9</sup> *First survey on state aids in the European Community*. Commission of European Communities. D-G for Competition. 1989 p3.

<sup>10</sup> D. Cameron: *The expansion of the public economy*. In: *The American Political Science Review*, vol 72, 1979.

demands in the sphere of education, social security, etc. These demands tend to raise public expenditure and the state finds itself to an increasing extent intervening in the private economy.

With the internationalization of economy governments lose autonomy; they have to take into account the action and policies pursued by foreign countries. But regarding the balance of power condition for trilateralism, it may be argued that the balance remains intact. Governments enlarged their scope of action and intervention while unions and employers became major partners in determining national policies. Because the scope of government action widened, the potential for trilateralism increased during the first half of the 80s. This leads the discussion to the second condition for trilateralism: the existence of, and consensus about, a common goal.

### 5.2.2 The common goal of national competitiveness

National consensus is, according to some American observers, a happy characteristic of West-European countries. Facing declining competitiveness, some American authors have recently called for national consensus. "A broad political support is required to sustain a national commitment to the priorities of competitiveness", write S. Cohen and J. Zysman.<sup>11</sup> Others try to discover how European small states managed to create and maintain consensus.<sup>12</sup> According to P. Katzenstein the small and open European countries are, because of their trade dependency and their structural dependency on foreign investment, forced to maintain international liberalism. Domestic compensation is required in order to allow enterprises to adjust flexibly to changes in the international markets. Larger states never really needed international liberalism. Their domestic elasticity is supposed to absorb the international shocks, and in case of real crisis, large states can still resort to protectionism.

However, European observers reported a decline in tripartism in Europe in the late 70s and early 80s.<sup>13</sup> This is sometimes ascribed to increasing polarization between employers and employees, due to the recession, which undermines the post-war institutionalized consensus. Under these conditions, governments are inclined to state-rule rather than consultation, so runs the argument. There are however no signs that polarization actually increased in the 80s. On the contrary, judged by the number of working days lost by industrial conflict, the polarization between employers and employees diminished. With the exception of the struggle for reduction of working time, the industrial arena remained, in most European countries, more or less empty. A rival

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<sup>11</sup> S.S. Cohen and J. Zysman: *Manufacturing Matters, the Myth of the Post-industrial Economy*, 1987. p 204.

<sup>12</sup> P.J. Katzenstein. *Small states in world markets*, 1985.

<sup>13</sup> e.g. W. Albeda; *Recent trends in collective bargaining in the Netherlands*. In: J.P. Windmuller et al; *Collective bargaining in industrialised market economies: A reappraisal*. ILO 1987A. Or: Geul a.o.; *The future of tripartism in the low countries*.

explanation for the decline of tripartism incorporates decreasing polarization and starts with the hypothesis that increasing internationalization during the first half of the 80s boosted an (economic) nationalist consensus. This consensus, however, did not carry further than an economic strategy. As internationalization of the economy swelled during the first half of the 80s, the efficiency and competitiveness of private enterprise became a common goal in itself. Private and public interests are melting together in a nation-wide agreement. This general attachment to efficiency and competitiveness tends to diminish national commitment to the social aims, which characterized the 70s. The desire to establish industrial competitiveness indeed induced governments to cutback the welfare expenditure, herewith facing only initial opposition from the unions. In the Netherlands, the Industrial Workers Union FNV displayed most clearly this attitude. Priority was given to industrial recovery, rather than to maintaining the welfare level.

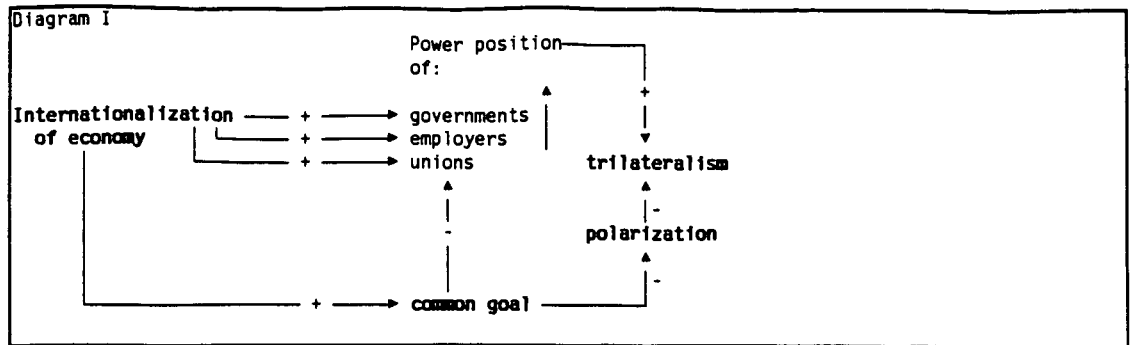
Although workers, clearly, benefit from a healthy industrial structure, the common commitment to competitiveness seems to paralyse the unions. If the unions consent to the pursuit of national competition (and there seemed to be no other choice), their own interests lose their priority. The ideology of national competitiveness appeared too strong for alternative visions on economy and society to be developed. It dictates the course of social-economic policy which should be supply-oriented, rather than the demand-managing Keynesian policy, which presupposes a closed national economy. If unions do not provide an alternative, their position in society weakens. The decline of membership may illustrate their difficult position. Moreover, once the course is set, there is for the unions no strong need for commitment to tripartite consultations. And if polarization is limited, there is no need for governments to call upon the social partners to follow the tripartite tradition.<sup>14</sup>

As stated above, the decline of tripartism is frequently connected to recession and the polarization between employers and unions which accompanied it. In contrast to earlier recessions however, the downswing of the late seventies and early 80s went along with increasing internationalization of economies. This might explain why polarization did not occur. It has further been hypothesized here, that, although internationalization indeed widened the potential for trilateralism and generated compensation policies, it actually contributed, in the long run, to its decline. Internationalization limited the emergence of rival options and tended to tie the three partners together to the one and only possible solution: national competitiveness. This tends to undermine the power of labour-unions and lessens the political need for establishing tripartite consultation. Because the national focus was primary directed at economic well-being, the aim of social well-being disappeared from the public agenda.<sup>15</sup> The argument is summarized in diagram I.

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<sup>14</sup> This implies a n-shaped correlation between tripartism and polarization. Both too much and too little polarization causes tripartism to decline.

<sup>15</sup> Also: L.A. Geelhoed: *De semi-soevereine staat*, page 44.



Internationalization of the economy does have some profound political impact on national society and has turned out to be an undermining force to its trilateral organization. To the extent that Europeanization means the further internationalization of national economies, this tendency may be expected to sharpen.

### 5.3 The impact of internationalization of policy on trilateralism

Policy competition among nations has the disadvantage that governments will be tempted to pass the cost of industrial adjustment on to foreign countries. This may generate international conflicts. Policy co-ordination and the limitation of policy competition is a possible answer to this aspect of interdependency. European integration may therefore be seen both as increasing interdependency as well as providing a political solution to the international conflicts springing from interdependency.

To the extent that European integration turns out to be the forming of one economy accompanied by one common policy, the national consensus described in section 2 will cease to exist. After all, the mechanism of internationalization of economy resulting in national consensus applies first of all to small/open countries. The formation of one economy diminishes the degree of internationalization. It therefore lessens interdependency, and the Community can resort to protectionism in case of industrial decline and failure on the international markets. Making one legal order out of twelve former sovereign states provides room for alternative policies, e.g. demand-led growth policies, because of the size of the internal market.<sup>16</sup> The possibility of policy-change might be sufficient to increase polarization between Capital and Labour, but polarization might occur along different lines.

<sup>16</sup> This is a reversal of the argument of P. Katzenstein, described in section 2.2. Other authors indeed noticed a weakening of the 'wage-discipline' of an open economy when governments step into international coalitions: K. Rogoff, Can international monetary cooperation be counterproductive? In: Journal of International Economics 18 (1985).



Although European integration, halfway the 80s, received an important impulse, the 'one out of twelve' scenario is in the short run not very likely. It seems certain that states and interest organizations are not prepared to give up their sovereignty that easily. Therefore the outcome will be somewhere between the two extremes of nationalist consensus, described in section two, and Europe-wide polarization. The exact outcome will be determined by the nature and amount of authority that is transferred to the European level. The more supranationality, it may be argued, the more Europe-wide polarization. And the more intergovernmentalism, the more nationalist consensus.

Handing over competence, so it is widely agreed, has to be in accordance with the principle of subsidiarity; Europeanization yes, but only when national possibilities are exhausted. The question of competence is often posed as a rather technical one. However, seen from the 'consensus-polarization' perspective elaborated here, it will be clear that the actual interpretation of subsidiarity is highly political.

The transfer of authority to the European level does not necessarily mean a decline of public power in the national society. R. Vaubel argues that international co-operation can be seen as a collusion of governments against society.<sup>17</sup> International fora allow governments to present unpopular measures as unavoidable parts of international deals. By means of International organization governments can, out of sight of the interest-organizations, enhance their directing capacity. At the expense of private interest organizations, governments regain, because of their monopoly position in international affairs, some of their lost power. "Schengen" may be a case in point. This, of course, contradicts the trilateralist aim of 'dispersed responsibility'. It may even lead to a political polarization between governments and society. This again highlights the political character of authority transfer.

The political fight about the distribution of authority is not, by any lengths, over yet. But some tendencies do already become visible. In section 3.1 the impact of policy integration on the balance of power will be discussed. It is argued that the scope of government activity narrows and that the balance of power alters in favour of the employers. The argument is taken further in section 3.2. where it is stated that by the nature of authority transferred the nation-wide commitment to competitiveness is bound to weaken. It concludes therefore with the observation that a limited revival of trilateralism at the end of the 80s has been possible.

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<sup>17</sup> R. Vaubel: Internationale samenwerking, een 'public choice' benadering. Rotterdamsche Monetaire Studies; no 21, 1986

### 5.3.1 A narrowing scope for influence

Concerning authority transfer, three policy fields are, in this respect, of interest: macro-economic/monetary, industrial and social policies. At issue here are the remaining possibilities of national governments and organizations to pursue their interests.

In the monetary field, limitations to national sovereignty are most obvious. Through the EMS, domestic aims have become subordinated to the aim of international monetary stability. In macro-economic respect more autonomy remains but most governments seem to be willing to co-ordinate their macro-economic policies. Should the plans for the accelerated implementation of the EMU be carried out, monetary and macro-economic policy will be entirely in European hands.

With regard to industrial policies, many authors noted the liberalism of the Community.<sup>18</sup> Outside the steel sector and the agricultural field the Community has only limited intervention power. European industrial policy aims at ensuring open competition by preventing the erection of trade barriers and dominant positions. State aid to firms is subject to control by the Commission and discrimination in contracting public orders is to an ever greater extent forbidden. Policy competition among governments, here too, is restrained. General measures to improve the national economic foundations, such as education and infrastructure, are permitted, except when they distort competition. However, it is not always apparent, so the Commission states, whether certain fiscal or social security measures constitute a form of aid. But the presently prevailing view, according to the Commission, is that the aim of competition policy is not "to try to remove fundamental differences between member states' cost structures.... because this would undermine the mutually beneficial trade".<sup>19</sup> Since labour costs constitute an important part of the total cost structures, wage-policy remains, according to the Commission, a national affair.

Although measures exist in order to make the free mobility of labour actually work, it can be stated that the Commission is still more reticent in the field of social policy. The old, the disabled and other persons dependent on relief have little to expect from the Community. Eleven member-states have approved the Community Social Charter by which national administrations are told to take care of the old and the disabled, but the principle of subsidiarity is strictly applied; social policy is exclusively a national responsibility.

The remaining government capacity to improve, in the short run, national competitiveness is limited. Especially monetary instruments have been removed and direct support to firms is subject to Community control. There remains however considerable autonomy in wage and social policies. General measures, such as long term policies on infrastructure and education, which may improve the national comparative advantage, are mostly permitted but these policies partly belong to the

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<sup>18</sup> D. Swann: *Competition & industrial policy in the European Community*. Methuen, 1983.

<sup>19</sup> First survey on state aids in the EC. page 7

domain of subnational authorities. Although European integration is in principle government-guided, governments lose some of their -politically important- short term competencies. The room for national trilateral decision-making, especially in short term policies, has unmistakably narrowed.

The distribution of social-economic competence between different authorities at European, national and regional/local levels, tends to make the co-ordination of policy more difficult. Employment policy, for instance, both requires macro-economic and micro-economic measures. Because of the narrowing scope of government autonomy, trade-offs and package-deals are more difficult to reach. Trilateral decision-making surely is complicated at present.

By the nature of their demands, and given the distribution of authority between the national and European levels, the unions have to address national government and their national opponents. This impedes an effective Europe-wide coalition of unions. Moreover, a lack of social goals at the European level tends to exclude the unions.

Employers have, as witnessed by their lobby-activity, increasingly turned to Brussels. Since firms are more easily allowed to merge, to invest in foreign countries and, if necessary, to relocate, thus evading national standards, they are less dependent on the loyal co-operation of the unions and the governments.<sup>20</sup> The balance of power, therefore, steadily moves in the direction of the employers.

With a narrowing scope of national government activity, with an increasingly complicated system of decision-making, and with a changing balance of power among the interest organizations, the potential for national trilateralism is more limited. But what impact does this particular distribution of authority have on the domestic consensus about the goals of social-economic policy?

### 5.3.2 The revival of trilateralism

In section 2.2 it has been argued that the urge to be competitive impedes defining a collective social aim that appeals to both employers and employees. To the extent that European countries continue to be perceived as foreign, the commitment to national competitiveness may survive.

However, integration ties national administrations to a European commitment. This will weaken the desire to push support to national competitiveness to its extreme.

But there is an additional reason why the attachment to national competitiveness might diminish. Since national policy competition is restricted, especially for the short run, the one remaining instrument for competition is the costs of labour. However, this is a socially difficult way to compete. As the tasks for national governments in policy competition are eroded, the dominance of the idea of national competitiveness is likely to decline. To a certain extent, political reality determines the political ideas. Instead of a game between nations, economy will be perceived as

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<sup>20</sup> A. Giovannini mentions for instance the practice of tax avoidance. In: *Economic Policy*, Cambridge University Press, October 1989. pp 345-386, p 358.

competition between firms and/or as a race between subnational regions. The role of the decentralized level is bound to increase, both private and public.<sup>21</sup> It could be added that this tendency may challenge the legitimacy of the national state and government.

The weakening of the perceived urge to be competitive on a national scale provides room for other goals. Polarization between employers and unions is now more likely to occur. Unions want to be compensated for the wage-restraints of the previous years. Employers aim at lowering costs. Because other channels for support are not available, this increases the pressure on the wages. Governments may accommodate the employers by diminishing their share of the premiums and taxes.

The emerging polarization may lead governments to call upon tripartite consultation and formulate a common goal which appeals to both employers and unions. In the Netherlands this has actually happened; the centre-left government recently initiated a policy known as 'social renewal'.

The social renewal may be interpreted both 1) as an example of the idea of Vaubel: politicians, having contracted out the 'unpleasant measures' to the European level, try to regain legitimacy by solving social problems and pleasing the voters; the link of social security to the minimum wage is for instance re-established; and 2) as a solution to increasing polarization resulting from the declining commitment to national competitiveness; unions now make demands which governments do not want to ignore.

The implementation of the renewed employment policy is handed over to trilateral boards, both on the regional and national level. Because the national government is bound to follow the European currents, the scope of this revived trilateralism, however, is more limited than the trilateralism which accompanied the reconstruction. Both the range of consensus about social issues and the capacity of government seem to be rather fragile at present.<sup>22</sup>

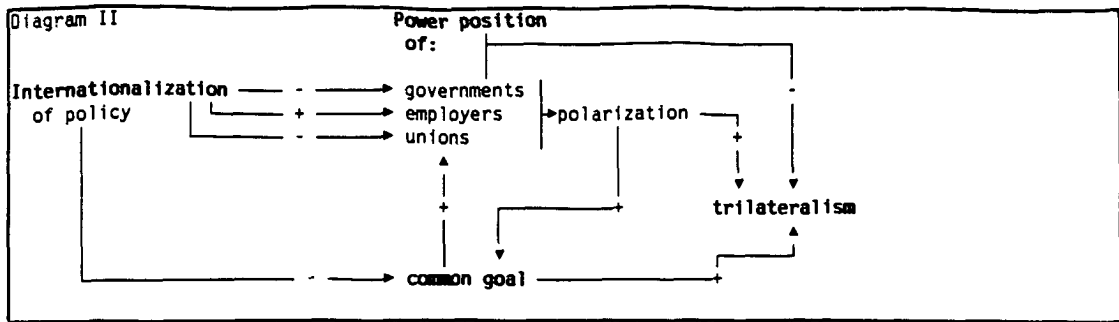
Of course the revival of tripartism may also be explained by the recovery of economy. Here an additional explanation is offered, summarized in diagram II.

European policy integration made a trilateralist revival possible. The extent to which this revival will hold depends on the course European integration will take.

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<sup>21</sup> Concerning private matters, a tendency towards decentralization to the company level has been observed, for instance in Social Europe: Wage bargaining in Europe. Supplement 2/90, Commission of the European Communities. pp 10.

<sup>22</sup> Other member-states experience a revival of trilateralism as well. In Germany, for instance, an attempt was made to re-establish the practice of 'konzertierte Aktion' in 1985. Although it had no success, new proposals to impose trilateral decision-making were launched, - albeit - especially in the field of environment policy. See: Bipartite/tripartite consultation: an international survey. EIRR 173, June 1988.



#### 5.4

#### The future of trilateralism

In section 2, the conclusion was reached that the internationalization of the economy, though increasing the scope of government authority, weakens trilateralism. The ideology of national competitiveness, turned into an economic nationalism that interfered with the pursuit of social aims which address both employers and employees. Internationalization of the economy was prevailing during the first half of the 80s. European integration revived during the second half of the 80s. Internationalization of policy then limited short term policy competition to wage and social policies. Labour-cost became the central focus of both government and interest-organization. Polarization is recurring because national competitiveness is losing its all persuading strength. This made a revival of trilateralism at the end of the 80s, at least in the Netherlands possible.

The future of trilateralism, now depends on the precise mix of internationalized economy and policy.

Should the completion of the internal market not be accompanied by further positive integration, the idea of national competitiveness may regain its dominant position. Increasing internationalization of the economy will induce governments to give in to employers and stick to socially restrictive policies. The nation-wide re-emergence of commitment to competitiveness will lead the unions to accept their low results as necessary. Moreover, Europe-wide coalitions of unions are not very likely since the latter have to keep addressing national administrations. Governments are enabled to collude against society, they may hide behind community-agreements and exploit their legal incompetence. Trilateralism does not survive in this situation. While in the first half of the 80s policy competition took place by supporting firms and discriminating against foreign firms, policy competition at present, given the stage of integration, sticks to wage and/or social policies. A downward spiral in the direction of the Southern social standards; a deterioration of social and labour conditions can, under these conditions, not be excluded.

In case European economic policy integration increases, the competence of national governments is further restricted and the commitment to the national position in the international economy continues to lessen. To an increasing extent economy will be a regional and a private matter again. If European policy includes more social goals the European level may provide a platform

for the unions to form effective coalitions which can prevent the lowering of social standards in the Northern European countries. Inequality in Europe and the existence of 'cheap labour' in the Southern countries will be perceived by the unions as a European problem which needs European solutions.<sup>23</sup> The outcome might be that the economy will be surrounded by European labour standards. Important parts of social policies, however will remain to the domain of national governments as well as the implementation of European directives. At these issues trilateralist decision-making is likely because both governments and unions pursue the same goal; national governments after all have an interest in maintaining legitimacy in a more unified Europe. The conclusion therefore may be that European policy integration turns out to be a precondition to the survival of national trilateralism.

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<sup>23</sup> This is for instance promoted by, : W. Däubler, *Europäischer Binnenmarkt und Gewerkschaftspolitik*. In: *Gewerkschaftliche Monatsheft*, 8, 1988.

## 6. THE NEW EUROPE; BOUNDLESS LIBERALISM AGAINST CROSS-NATIONAL TRADE UNION SOLIDARITY

A. Steen

The winds of change are sweeping over Europe. Walls, governments and ideological foundations are tumbling. After a period of quiescence, where mass actions and revolutionary upheaval could only be read about in history books, millions are again marching the streets and giving new meaning to the words *freedom*, *equality* and *democracy*. Thus, the foundations and framework for economic, political and trade union organisations are also undergoing change.

In Western Europe a nation's room for political manoeuvre is increasingly getting smaller as the markets become more international and politics become more integrated. In Eastern Europe national symbols and demands for autonomy are gaining ground. The labour movement in Western Europe is seeking to regain political influence and limit market forces by use of supranational regulations, while the peoples of Eastern Europe are seeking their freedom through the market and by abolishing national and supranational "straitjackets". In the tension which arises between integration versus fragmentation, concentration versus decentralisation, politicisation versus market harmonisation, regional arenas become increasingly important both in Eastern and Western Europe - the centre versus the periphery, North versus South.

### 6.1 The trade union movement - a pillar in the "European house"?

A formidable challenge to the trade union movement arises when Western European markets are allowed greater financial freedoms while colonisation of the COMECON-countries may be possible. Differences in social standards and trade union strength between the countries are enormous and may create tensions. Capital forces no longer need to be tied down by a national and bargained economy. Capital can play workers in different regions, industries and countries against each other. In certain respects the situation today is parallel to that of the turn of the century. The European trade union movement is seeking the same bargaining rights in the "New Europe" as national unions did at the end of the last century. Battles fought and won at home, must now be refought at new and distant battlefields. The questions which arise are: how can the trade union movement work together cross-nationally in order to meet the challenges deregulation of the market poses? and how can the movement actively take part in shaping the "New Europe"?

### 6.2 New conditions for solidarity

The last decade the trade union movement has had to play a defensive role organisationally, economically and ideologically. The Right has accused the union movement of being inflexible, conservative and protectors of the labour aristocracy. Within the movement one can sense a

growing unrest over the decline in membership, the lack of international cooperation and the need to revitalize the movement. Within several South European countries trade union density is no more than 10-15 per cent. Within the East European countries the official trade union movement is incorporated into the oppressive system.

But in this situation, where many have already bid farvel to the trade union movement, we can see traces of a new impetus for trade union work in Europe. This impetus is paradoxically related to the release of market forces both in Eastern and Western Europe. ETUC, which encompasses both EFTA and EC countries, is about to play a central role in the "struggle for the social dimension" taking place within the Commonmarket. To meet the internationalisation of capital, new and informal types of cooperation within companies and corporations are manifesting themselves at the local level. Within certain East European countries the working class are spontaneously establishing independent trade unions, while in other countries the traditional trade union movement is reorganising in order to become a more independent force in the renewal process. *Solidarity* is one example from Poland, while Novosibirsk is an example of how Mr. Gorbatsjov was forced to move in a more radical direction. And not least, there is a growing cooperation between the trade union movement in Eastern and Western Europe - between shop stewards, local branches, national unions and international organisations. Although the International Labour Movement has been divided for decades, we may be witnessing an historic opportunity for a new Pan-European Movement to evolve. But the road to the "European House" will not be a straight road lined with a red carpet, but rather a winding yellow brick road - full of unexpected surprises and thorny political struggles.

### 6.3 Cost competition and social dumping

The European trade union movement fears that the European Single Market/European Economic Space will provoke a "social dumping" spiral where employers will move jobs to where labour costs are lowest and trade unions weakest. The pressure to improve competitiveness and the threat of the exportation of jobs can force even strong unions to reduce their standards, resulting in conflicts of interest between workers of different countries, regions and industries. When the English Ford-employees went on strike in 1988, the Ford-employees in Valencia worked overtime. When Volvo merged with Renault, Norwegian workers had to compete with their French brothers and sisters for the sub-contracts. Bargaining becomes international!

This development will not suddenly come into effect in 1993. The Norwegian trade union movement has already felt the impact of this development for some time. Norwegian companies are buying European companies, often in countries with low labour costs, while multinational corporations are buying Norwegian companies. The Norwegian Seamen's Union had no bargaining leverage when the Norwegian International Ship Register (NIS) was established in 1988. Norwegian agreements and wage levels no longer apply on ships registered under NIS. At the



same time the shipping companies are earning billions. It is not unlikely that we may get similar constellations within other industries in the future (i.e. within transport or construction).

#### **6.4 The single market**

The establishment of a Single Market within the EC, which also defines the framework for EES, is built on a neoliberal economic philosophy. By creating a free European homemarket with no technical or other trade barriers one aims to create economic synergies, stimulate competition, and thereby enhance productivity and moderate prices. After an initial period with major structural changes, concentration and increased unemployment, one expects new growth and job-creation. It is necessary to standardise production specifications and to a certain extent conditions which determine labours' mobility in order to ensure a free movement of goods, services and labour. In order to coordinate economic policies a political and monetary union (EMU) is planned.

The strategy aims at redefining the relationship between the state and the market through political will. The diagnosis is that the bargaining parties have been able to evade market competition in too great an extent. They have been able to seek sanctuary in politically protected bargaining havens through a policy of national protectionism (i.e. subsidies, technical specifications and tax barriers). In the eyes of the neoliberals an important goal is therefore to reduce the impact of the regulated bargaining economies by reregulating at a supranational level. By using anonymous market mechanisms thorny political issues which could lead to conflict can be avoided. The issues the national employers' organisations cannot solve at home, "1992" will solve for them by means of market competition.

For this reason the Union of Industrial and Employers Confederation of Europe (UNICE), with support from Mrs. Thatcher, has consistently worked against ETUC's and the Left's demands for a "social dimension". ETUC has proposed binding supranational legislation which will regulate welfare provisions, employees' rights ("the social base"), democratisation of the Commonmarket's governance, and a "social dialog" which in the long run may entail bargaining and settlements at a European level.

#### **6.5 ETUC and the social dialog**

ETUC is an umbrella organisation representing 35 member organisations from 21 Western European countries and 44 million workers. In addition, 12 European industrial committees are represented, the European Metalworker's Federation being one. After the upheavals in East Europe last autumn, links are being made both with the trade union movement in these countries and the new trade unions in Southern Europe. The Norwegian Confederation of Trade Unions (LO) and the Council of Nordic Trade Unions are actively involved in ETUC and the industrial committees with regard to the European integration process.

ETUC primarily lobbies EC institutions in Brussels and coordinates national bargaining strategies. In 1990, for example, the metal working unions will be negotiating over a reduction of working hours in a number of European countries. This is an issue which can with difficulty be won without international support and agreement. For certain questions ETUC's industrial committees may develop into genuine bargaining parties in the long run. However, this raises difficult questions as to bargaining mandates and authorisations in relation to national organisations.

The so-called "social dialog" has raised some of these questions. UNICE has till now effectively blocked all attempts to initiate binding negotiations and are firm supporters of the so-called "subsidiary principle". This principle implies that issues which can be agreed upon locally or nationally, should not be regulated on an international basis. EES/EC is simply to be a free trade zone where considerations to the flexibility of the labour markets should be achieved through decentralised bargaining. Employers are not interested in "1992" if it entails a rigid "Euro-corporatist" bargaining economy. For the European trade union movement, the story so far is a story about a bargaining party who does not want to play the role.

#### **6.6 The struggle for the social dimension**

The struggle for the social dimension can till now be depicted as a political struggle of definitions, where the agenda is more prominent than the content of the debates. Within the Commonmarket's network of lobbyists a symbolic war of the classes is being fought. The business communities' neoliberal visions are confronted with the trade union movements' and left of centre's view that Europe is not only in existence to line the pockets of the merchants. A political struggle is taking place where the outcome is uncertain, and will remain uncertain come "1992". So far the power of balance has been tipped in favour of market forces.

ETUC, however, has had greater success at the symbolic level. This is not irrelevant in the process of defining the premises for the process to come. Last autumn ETUC, in alliance with the socialist majority in the EC Parliament, threatened to block the implementation of the Single Market. To underpin the "social base" ETUC put forward 15 prioritised directives aimed at regulating working conditions and welfare provisions, resulting in the Social Charter, a statement of intent without obligation.

Despite the fact that the Charter is lacking in content, it nonetheless has given ETUC renewed inspiration to continue negotiations with the Chair of the Commission, Mr. Delors. The Commission has now put forward proposals for an action programme where 6-7 of ETUC's demands shall be discussed before the summer of 1990.

### 6.7 The breakdown of Keynesian counter-cyclical policies

During the crisis of the 1970s the trade union movements in Europe supported their governments' economic strategies. By use of protectionist policies and national cost competition the European countries embarked upon a policy of "everyone for themselves". This zero-sum game - where everyone sought to export more than they imported - entailed not only a more intense struggle for jobs between unionised workers in different countries. In addition the economy was driven into a reduced growth spiral with increased unemployment as a result. The neoliberals saw this as evidence of the European "sclerosis". Too many market regulations and strong trade unions had stifled the economy's growth ability. Deregulation became the magic formula. The European stagnation was explained by reference to institutional rigidities. The state's regulation of labour and capital inhibited technological development and social renewal (Amoroso 1988). Attempts at traditional Keynesian economic policies were not successful, resulting in increased trade deficits, negative government financial balances, as well as growing inflation (i.e. the attempts in Norway during the latter part of the 1970s and in France during the early 1980s). Due to these developments European social democratic parties lost faith in the Keynesian demand-model (Scharpf 1987).

### 6.8 The "Norwegian model" under pressure

In order to understand how these events and tensions have created a new climate for the Norwegian trade union movement, basic knowledge of industrial relations in Norway is needed. A core element in the Norwegian tripartite bargaining system is the cooperation between the employer organisations, the employee organisations and the state. The success of this system rests on several pillars. The first pillar is the Basic Agreement between the Norwegian Confederation of Trade Unions (LO) and the National Federation of Employees (NAF; now NHO). The agreement, which was first signed in 1935, is an exclusive and detailed agreement relating to all aspects of industrial relations, and is normally enforced for four year periods. The agreement can be regarded as a peace treaty limiting industrial action. The Basic Agreement can thus be interpreted as a class compromise between labour and capital guaranteeing four-year periods of industrial peace.

The second pillar is centralised collective bargaining where an important premise are the calculations put forward by a neutral Technical Calculations Committee. The committee defines a "responsible wage growth" based on productivity growth within the export industries and growth of world market prices.

The third pillar is the right to local bargaining within the private sector. Local bargaining takes account of a firm's profitability when negotiating local wage agreements. In this way local

bargaining acts as pressure valve for tensions that have been built up locally which cannot be solved centrally.

The final pillar is the government's active role in tripartite bargaining. The government contributes with fiscal packages and by holding the power to demand compulsory arbitration when vital interests to society are at risk. Compulsory arbitration was frequently used during the seventies and eighties. LO as a responsible administrator has abided by the rules of the game, resulting in an extremely low strike frequency.

The "Norwegian Model" for organising the economy and the welfare state is today under pressure from internal lacerations as well as from external forces. The Norwegian government is left with fewer fiscal and monetary instruments as the financial market is deregulated. Norway's dependency on petroleum revenues, and thereagain on international oil prices, has limited the government's degrees of freedom when shaping national economic policies.

This means that part of the foundation for the national tripartite bargaining system is eroding. If the foundation is not strengthened by adding new substance it is possible that this type of bargaining will only be a brief chapter in Norwegian industrial relations. (Many claim that Norway no longer has tripartite bargaining).

Following the deregulation of the financial market during the 1980s, a merger wave hit the country and the business community became with accelerating speed "international". While these forces were in play the trade union movement sat on the sideline. As market forces have become increasingly offensive, the arena for trade union influence has become smaller. New parameter now define the framework within which bargaining takes place; fluctuations in exchange and interest rates, the business communities' competitiveness, and unemployment.

The "Norwegian Model", however, is not only under pressure from the market. Norway's political autonomy is being reduced through the government's aspirations to harmonize national legislation to that of the Commonmarket. The corporative channel of influence is therefore under threat, and it will become more difficult for the trade union movement to have their demands met at the national level. Greater internationalisation confronts the national trade union movements with an array of similar problems they no longer can solve themselves. New arenas for influence and power must be gained - both locally and internationally.

## **6.9 Local bargaining power versus mobile capital**

Traditionally the trade union movement has built its strength on national control over the sale and use of labour. The strength derives from their ability to bargain and use sanctions such as industrial disputes. Decisive for the movements' bargaining power was the confinement of the

bargaining arena to national borders. The employers believed themselves to be restricted by the same boundaries as the trade unions operated within and within which national legislation was absolute. Concessions were given to their national employees because they were forced to use local know-how or raw materials (for Norway: hydroelectric power, oil, minerals), or because they could not find alternative means to invest their capital. Today this basic condition for trade union power is about to become redundant: Improved communications and production technology increases the ease with which production can be located elsewhere, while the liberalisation of the finance market has meant that capital can more easily be moved to areas with lower costs of production. We now face a situation where not only national boundaries define the framework for national bargaining, but just as much the international labour market.

#### Elements of the trade union movement's political strategy

There are two overhanging, but undesirable scenarios the trade union movement in Europe faces. On the one hand, a development towards a top-heavy bureaucratic "Euro-corporatism". This development may entail greater distances between union members and decision-takers, lack of identity with the "grassroots", and less bargaining power at the local level. On the other hand, a development towards a fragmented "enterprise-unionism", which UNICE would support, where solidarity disintegrates and a union's market position is decisive.

A question which remains is whether or not the trade union movement can meet this challenge with a triple movement - a strategy based on mobilization from three different directions. The aim is to compensate for the loss of influence at the national arena by putting in more resources into supranational cooperation, coordination between different industries cross-nationally, and finally strengthening the local level.

The European experience is comparable to the Norwegian. The framework for capital control, economic democracy and social standards will to an increasing extent depend on supranational regulations and agreements, and it is therefore essential to strengthen ETUC. If the European trade unions wish to retain their bargaining powers, one approach is to lift bargaining to a European level. A tripartite coalition at the European level would, however, demand new institutions with centralized powers. The European Commission, with modifications, may perhaps be able to represent the public interest, while ETUC may become the trade union's European voice. However, on the employer-side there is no apparent will to establish such institutions. This is first and foremost a political problem. It is ideologically difficult to reconcile the establishment of centralized employer institutions at the European level within a neoliberalist framework.

Although ETUC represents European employees today, it is not mature enough to be one of the parties in a European tripartite coalition. ETUC neither has the strength nor the authority such a coalition would demand. The Norwegian experience illustrates that in order to effectively work

through this channel a cohesive trade union movement is needed - one which does not need to take into account competition between different unions at every turning.

In order to strengthen ETUC support from below is needed. Two such approaches are cross-national coalitions at industry and shop steward level. It is, for example, possible to imagine a cross-national coalition of public employees. As economic policies in Europe converge, public employees will increasingly realize that they have common interests across national borders. Cross-national links between shop stewards employed in the same multinational company is also a key area for future mobilisation. The European Metal Worker's Federation have come the furthest with this model. Coordinated negotiations and agreements may become increasingly important. Mobilisation along these lines requires coordination between the national trade union federations.

A study into corporate shop steward coalitions<sup>1</sup> in the Nordic countries (Myrvang 1990) found many different types of cooperation and contacts within the Nordic countries. The study found that managerial scepticism was greatest in enterprises that value decentralised managerial and organisational structures. Ironically, while the drive is for more decentralised organisations, corporate strategies are increasingly being made at a centralized and often multinational level. It is in this latter respect the trade union movement can hope to gain greater influence. Finally, Myrvang's study found that some managerial teams used shop steward coalitions as a managerial tool to "control" shop steward relations within the enterprise. The trade union movement can attempt to make the most of managements' desire to use such tools and turn it to their own advantage.

To further develop a strategy based on corporate shop steward coalitions, the trade union movement will have to invest in training. Shop stewards will not only have to be more language-wise and deal with issues in different cultural settings, but will need a wider knowledge in questions of finance and jurisprudence. Therefore, raising skill levels in Norway not only becomes a question of being an attractive labour force for future employers, but also becomes an essential condition to further develop international trade union links. For an increasing number of organised workers the question is how can they exercise influence and solidarity locally in enterprises that operate globally?

The challenge is to integrate the above approaches into a coherent strategy. In addition to the pitfalls already described, there is also the possibility that a "triple movement" will create an unmanageable bargaining bureaucracy. Internal disagreements may arise as to which issues should be on the negotiating table and at what level negotiations should take place. In the process

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<sup>1</sup> Corporate shop steward coalitions encompasses three different types of contact. (1) Regular contact, often in combine-committees, between corporate management and shop steward representatives from the corporation's different locations/companies. (2) Same as one, but where corporate management is excluded. (3) Regular contact between shop steward representatives representing different corporations.

of redefining whom shall have bargaining rights and over which issues, valuable resources may go wasted.

Analytically, the Norwegian trade union movement is under pressure from two systems -the European supranational regulation system, and the local market based regulation system. Instead of gripping on to national based power, the trade union movement must attempt to develop a coherent strategy which encompasses different approaches in order to meet the multitude of challenges facing the movement. A new role for ETUC, industrial cross-national coalitions, and a further development of corporate shop steward coalitions are all approaches which ought to be integrated into a coherent strategy. A coherent multi-national strategy entails, however, a re-evaluation of "domestic" strategies. Based on three different future scenarios a FAFO-report (Odnes et al. 1990) describes the Norwegian trade union movement's "trilemma". By sketching three "ideal" models of influence, the report suggests that the trade union movement has an opportunity to influence the future today. The aim is to steer away from the most disadvantageous aspects in each of the scenarios. The first scenario is a market based model where many of the demands to increased flexibility and mobility made by a European labour market undergoing change will be met (Wood 1989). The second scenario is based on the Norwegian post-war model where strong government control and limited degrees of local autonomy are dominant features. And finally, the third scenario is a professions model where power is based on the strength different groups within the economy hold. Institutional power held by certain professions is seen as decisive distributional mechanisms. The issues raised by these scenarios are also relevant for the European trade union movement. When evaluating different models of influence the European trade unions must also raise the questions: What shall be the basis for power? Which models are best suited for different levels and sectors of the economy? Is it possible and desirable to develop common European strategies or ought the European trade union movement seek different models in different countries, sectors and at different levels? The "triple movement" we have previously referred to entails an effort to combine the different "ideal" models of influence. The task is to develop a functional strategy which will encompass elements of the different bases' of power adapted to market, cultural and organisational conditions.

In the light of trade union density in many European countries not being more than 10-15 per cent, the challenge facing the trade union movement is of historic importance. When the alternative is the "New Europe" - perhaps one of economic history's biggest liberalist experiments - the trade union movement becomes more indispensable than ever. It therefore becomes essential that the national trade unions do not retract to their own domestic territories. The challenge of the future will be to translate Marx's 150 year old appeal "workers of all nations unite" into practical politics.

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**III**

**OTHER CONTRIBUTIONS**

## 7. **CONFLICT MANAGEMENT AND COMPARATIVE INDUSTRIAL RELATIONS: TOWARDS A UNIFYING RESEARCH STRATEGY**

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### 7.1 **Introduction**

The process of European integration lends a degree of urgency to the comparative study of industrial relations. National systems need to be adapted to a changing environment. Concurrently, a unified market calls for special institutions looking after the collective interests of employers and workers at Community level. The perspective of change leads to questions as to how and when industrial relations are to be reshaped. To address these questions adequately, comparative studies may be of special importance. Viewed in this light, there is a need for a unifying research strategy. Such a strategy induces research efforts by various disciplines and ensures a measure of coherence that reinforces the relevance of individual studies in the field. In this paper it is argued that conflict management provides an interesting point of view capable of generating such a strategy.

After briefly describing both the kind of conflict under scrutiny and the envisaged strategy, this paper discusses a number of developments in the Netherlands in the area of third party intervention leading to questions which belong to an international comparative perspective.

### 7.2 **Types of conflict**

In a market economy there are a number of conflicts of a permanent nature. These conflicts usually remain latent but at times lead to a heightening of tensions between workers and employers. Consequently, conflict management is an important aspect of socio-economic decision making. The aforesaid conflicts can be reduced to three types:

1. the wage conflict,
2. the authority conflict, and
3. the interorganizational conflict.

The wage conflict refers to the contradiction between wages as costs incurred by the employer and wages as income for the employee. The wage conflict is complicated by the way the labour market operates. Both demand and supply decisions are influenced by a multitude of legal provisions with respect to remuneration, taxation and social security. Technological developments

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and changes in industrial structures as a result of international competition continue to lead to discrepancies between job opportunities and available man power. Moreover, the collective promotion of interests by trade-unions and employers' associations complicates the operation of the labour market.

The authority conflict derives from a loss of independence that a worker has to accept. He needs to submit himself to the employer's authority and is bound to adapt himself to the operational structure involved. The conflict relates to various matters such as organization, status, job contents and codetermination.

The interorganizational conflict stems from the fact that the organizations as such have interests of their own which, to some extent, are mutually incompatible. In essence, any system of social organizations is familiar with this type of conflict. However, in the enduring structures of union-management relations it plays an explicit part. Particularly in collective bargaining, the parties are keen to defend or strengthen their future positions. Also a policy to prevent or remedy an organization's estrangement from the rank and file may evoke intransigence and a commitment to action. The media lend weight to this aspect by keeping a close track of how labour relations develop.

### 7.3 Conflict management

The permanent nature of conflict suggests that "conflict management" expresses the matter more adequately than "conflict resolution". Conflict management supposes the parties to recognize each other's interests in principle. However, how far the parties actually consider each other is indeterminate and partly dependent on relative power to impose one's demands on the other. In this context, conflict management is a means to countervail against the pernicious forces inherent in conflict. As such, it is an important aspect both of socio-economic structure and of short-run socio-economic policy.

Even though the judiciary and governmental authority play an important role, the main principle of conflict management is participation in exchange of moderation. There are a number of formal procedures which are decisive as to how participation takes place. In brief, these are:

1. consultation,
2. approval,
3. collective bargaining, and
4. joint government.

The procedures do not guarantee a complete prevention of open conflict. Generally, the procedures' open-ended character is a necessary condition for maintaining the parties' autonomy in the various decision-making processes. However, if disagreement persists, disintegration of a

participatory provision may follow. A possible way out lies in the intervention by third parties. It means that for once autonomy is (partly) given up for the sake of preserving a structure of participation. As regards a conflict concerning the interpretation of already existing rules (conflict of right)<sup>3</sup>, a decision may be within the competence of a court or provided for by way of a grievance procedure bilaterally agreed on. Normally, this kind of third party intervention leads to a final solution. Conversely, if a conflict refers to the establishment of new terms and conditions of employment (conflict of interest), voluntary and nonbinding intervention procedures are often available, such as mediation. However, also arbitration - leading to a binding award - is a possible means in such a case.

The above-mentioned formal procedures of participation can be applied on three different levels, that is, on a national level, and on intermediate (industries, sectors) and company level. Together, the types of conflict, the procedures of participation and third party intervention, and the levels of operation constitute a framework for comparative studies. Even though comparative studies on a single aspect of industrial relations may be quite useful, a global view is necessary to reach a balanced judgment.<sup>4</sup> Individual studies from different angles gain in importance if they help to fill the empty spots in the framework. Along these lines a unifying research strategy can be defined.

#### 7.4 Third party intervention

The remaining part of this paper focuses on third party intervention under collective bargaining (conflicts of interest), with special reference to the Netherlands. First, it is shown that in the past intervention procedures in other European countries served as a pattern for Dutch legislation in the field. The question arises whether the broader labour relations context in the countries concerned was properly considered. Next, attention is paid to a number of institutional aspects of mediation. Certain procedures labelled as mediation seem to contradict a complete practise of the possible mediatory functions. Finally, the question is asked whether mediation and arbitration can be effectively combined in one arrangement. Each time, questions liable to comparative research will be brought forward.

##### 7.4.1 Dutch Efforts to Provide Intervention Procedures

As to the history of statutory impasse procedures in the Netherlands, it is important to distinguish between the private and public sector.

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<sup>3</sup> See for the Netherlands, W. Albeda and Th. Groenewald, *The Role of Neutrals in the Resolution of Shop Floor Disputes - Netherlands*, *Comparative Labor Law Journal*, Vol. 9, 1987, pp. 164-176.

<sup>4</sup> Cf. T. Hanami and R. Blanpain (eds.), *Industrial Conflict Resolution in Market Economies - A Study of Australia, The Federal Republic of Germany, Italy, Japan and The USA*, Second Edition, Kluwer Law and Taxation Publishers, Deventer/Boston, 1989.

In the private sector, the first Dutch law providing for mediation and arbitration was enacted a century ago. It is the Chambers of Labour Act 1897 (*Wet op de Kamers van Arbeid 1897*). This law was cancelled in 1923; however, it was already out of use around 1910. When this law came into being, the politicians were optimistic about its positive effects. Reference was made to the successful laws which served as models for the Chambers of Labour Act: the Belgian *Loi Conseils de l'Industrie et du Travail 1887*, which for its part had been based on the British *Councils of Conciliation Act 1867* and the *Arbitration Act 1872*. With hindsight, the Chambers of Labour Act was a complete failure. An obvious explanation is that around 1900 industrial relations particularly in Great Britain were much more advanced than those in the Netherlands. In Great Britain, the public was already familiar with the presence of trade unions. Also, the trade unions were already accepted by the employers as negotiating parties almost everywhere and collective labour agreements were already widely adopted. In comparison, Dutch industrial relations were hardly developed at the time. Consequently, the Chambers of Labour Act failed to provide for an adequate representation of the workers as parties to a conflict.

The Chambers of Labour Act was replaced by the Labour Disputes Act 1923 (*Arbeidsgeschillenwet 1923*), which was effective until 1940. During that period the foundation was laid of the consultative system, which has come to be embedded in Dutch society after the Second World War. Also the Labour Disputes Act provided for mediation and arbitration. Because of this law, intervention by State Mediators took place rather frequently. Therefore, the Labour Disputes Act is generally considered fairly successful. However, it is a notable fact that the Swedish intervention law of 1920 (*Lag om medling i arbetsvister 1920*) that served as a model for the Labour Disputes Act, became much more influential. At the time, industrial relations in Sweden were based on dialogue to a greater extent than those in the Netherlands. This explains why in the event of a dispute over a new collective labour agreement, the Swedish State Mediators were called upon much more frequently than their Dutch counterparts.

However, the extent to which industrial relations have developed as an institutionalized system is not the only factor explaining for the effectiveness of impasse procedures. Dutch attempts in the Seventies to establish a statutory impasse procedure made this clear. A bill was introduced to Parliament in order to provide for fact-finding committees. Even though these committees would be entitled to make proposals to the contending parties, their competence would be rather limited. In spite of the fact that in the Netherlands collective bargaining has been part of an extensive system of consultation and shared responsibilities for many years and in spite of the nonbinding nature of the solutions that the intended committees could propose, the aforesaid bill never became law.

What may account for this outcome? A major problem was the intended governmental influence on the appointment of the members of a fact-finding committee. Since 1945 the government had

been using its powers to influence wage rates and other conditions of labour. Even though since 1970 collective bargaining has gained in importance, during the Seventies the government repeatedly narrowed its freedom of movement by way of wage freezes and other measures.<sup>5</sup> Because of this kind of interference, the government was deemed unsuitable for an impartial role. Besides, employers and workers were against an obligation to cooperate with a fact-finding committee. They wanted to be free to decide whether intervention by a third party in a particular case was acceptable.

Compared to the private sector, the history of impasse procedures in the Dutch public sector is much shorter but also much more successful. On October 17th, 1984 the Dutch Public Advisory and Arbitration Committee (*Advies- en Arbitragecommissie*, AAC) was inaugurated. This committee was regarded as part of a new consultation structure in which the organizations of public employees were to gain in equality vis-à-vis the Minister of Interior Affairs. Originally, the committee's competence was restricted to the civil service, but later on also related groups such as the military, teachers and the police were included. To date the Public Advisory and Arbitration Committee - better known as the Albeda Committee, according to its present chairman - was asked in more than twenty cases to contribute to the resolution of a dispute, leading to influential pronouncements. Recently, Professor Albeda advocated the establishment of a similar institution in the private sector. Strikingly, Professor Rood, who is a member of the Public Advisory and Arbitration Committee and a speaker at this conference, has casted doubts on that option.<sup>6</sup> In his opinion, the Public Advisory and Arbitration Committee's position will change in a few years' time, just because the way in which the terms and conditions of labour are established in the public sector will be more and more like the way it takes place in the private sector where the exertion of power is preferred to, what he calls, conflict resolution. By the same token, however, it could be asserted that an increasing dependance on an ability to strike calls for a selective use of that weapon, and, therefore, for the availability of appropriate impasse procedures. Moreover, there have been changes in the sense that in the Eighties the government's capacity to interfere in collective bargaining has been reduced as a matter of policy. All in all, what place in the Netherlands third party intervention will occupy in the near future is uncertain. Comparative research may help to choose between the above propositions.

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<sup>5</sup> See, W. Albeda, Labor Relations and Neo-Corporatist Decisionmaking; in: J. Barbash and K. Barbash (eds.), *Theories and Concepts in Comparative Industrial Relations*, The University of South Carolina Press, Columbia, South Carolina, 1989, pp. 9-21.

<sup>6</sup> See, W. Albeda, Th. H. Dragt en W.S.P. Fortuyn (red.), *Ambtenaar in het jaar 2000 - Op weg naar nieuwe arbeidsverhoudingen*, SDU Uitgeverij, 's-Gravenhage, 1989; pp. 31-34 and pp. 168-169.

#### 7.4.2 The True Nature of Mediation

According to the previous section, in the Netherlands a fear of undesired interference prevented the establishment of a statutory intervention procedure. Hence, it is important to explore the impact of a fully voluntary and informal mode of intervention. It is mediation that meets these requirements the most adequately.

A fundamental discussion on the subject is hampered by conceptual and institutional obscurities. In the Netherlands, there is a tendency to use the term "mediation" as a collective name covering various kinds of third party intervention. Judging by newspaper reports, various types of third party intervention such as counselling, factfinding, and nonbinding arbitration, have been indicated as mediation. Of course, it cannot be denied that these activities contain certain elements of mediation. However, all of them are separate forms which differ from mediation in its fullest sense. Misconceptions may also arise as mediation is part of an elaborate procedure comprising different forms of intervention.

It is essential for mediation to be seen as a voluntary and informal process. So, an obligation to enter into mediation is at odds with the nature of the process itself. The informal character of mediation may suffer if the process predominantly takes place through formal hearings and ends by making the mediator's recommendations public. A mediator has to operate in support of the collective bargaining process as much as possible. He is concerned with both the communication process between the parties and the contents of a dispute. Therefore, two sets of mediation functions may be distinguished, that is, a set of communicative mediation functions and a set of substantive mediation functions.<sup>7</sup> The following communication functions may be indicated:

1. breaching engrained processes of strategic interaction, especially as regards the usage of counterproductive arguments;
2. restoring the credibility of the communication process<sup>8</sup>;
3. promoting a climate which is conducive to seeing the resolution of an impasse to a considerable extent as a matter of common problem solving; and
4. bringing along additional contextual information, in particular about other industries or about governmental policies, in order to test the reasonableness of the parties' subsequent positions.

As to the contents of a disputes, the following substantive mediation functions are proposed:

1. reinterpretation of certain facts;

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<sup>7</sup> See for relevant literature and a diagnostic model, Teun Wolters, *Onderhandeling en bemiddeling - Een studie op het terrein van de arbeidsverhoudingen*, Free University Press, Amsterdam, 1989.

<sup>8</sup> Previous bluffs and exaggerations may seriously affect a party's credibility. A mediator may, by checking on the truth behind a party's statements, facilitate the recovery of credible discussions.

2. influencing of the parties' perceptions as to the benefits and costs of certain decisions (inclusive of a strike);
3. development of (time and moral) pressure so as to speed up the decision-making process;
4. the introduction of new proposals, either by secretly testing the receptivity of one party to certain concessions considered by the other party or by launching completely new ideas of his own;
5. rationalization of new steps by the parties; and
6. the prevention of loss of face.

The quality of the pre-arranged procedures as far as mediation is concerned is dependent upon whether the above-mentioned functions can be sufficiently exercised. Comparative research may contribute to discovering new forms which comply with the true nature of mediation.

#### 7.4.3 Can Mediation and Arbitration Be Combined?

In a technical sense, it is possible to put on a linkage between mediation and arbitration. A mediator has to restrict himself to persuasion, he cannot impose anything on the parties. On the other hand, an arbitrator renders a judgment which is binding upon the parties. In the USA med-arb is found mostly in the public sector. The distinguishing feature of the process is that both parties agree at the time of selection of the impartial person that he will first mediate. However, if mediation is not fully successful, the same person is given authority to decide any remaining issues, acting like an arbitrator. The question is: does it make sense to give a mediator such arbitrary powers in case mediation should fail?

It is important to realize that so far arbitration is interpreted as conventional arbitration: the arbitrator is entitled to decide what solution is appropriate, irrespective of the parties' views. More recently, a new and promising variant of arbitration was developed: final-offer arbitration. Under final-offer arbitration the employer and the union submit their last best offers, and the arbitrator decides which submission will be the settlement. An intermediate position, to which an arbitrator is easily inclined, is ruled out now. In the following the distinction between conventional arbitration and final-offer arbitration is of importance.<sup>9</sup>

From a third party's point of view, med-arb opens up ample space for manipulation. When either party refuses to make further concessions on certain points, the third party may threaten to take a decision unfavourable to the party that persists in its refusal, if mediation fails. It is this possibility that makes med-arb unacceptable to the negotiating parties. Moreover, negotiators disfavour conventional arbitration as a means to resolve industrial disputes. Apart from a few exceptional cases, neither a Chamber of Labour or a State Mediator were allowed to change over to

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<sup>9</sup> See also, C.J. Loonstra, *Derden-interventie bij CAO-conflicten -Grenzen en mogelijkheden van wettelijke regulering*, Wolters-Noordhoff, Groningen, 1987.



arbitration. Also, in the post-war period conventional arbitration to settle a dispute of interest has been of rare occurrence in the Netherlands. As regards the Dutch Public Advisory and Arbitration Committee, conventional arbitration has not yet taken place. Against this background, med-arb is not recommendable.

A different case is represented by mediation combined with final-offer arbitration. Final-offer arbitration can be subdivided into total-package and issue-by-issue arbitration. The former means that an arbitrator considers the totality of remaining differences. He has one choice to make, that is, he chooses either the last offers made by party A or those made by party B. The latter means that the arbitrator decides for each item to which party he will conform. Research shows that total-package arbitration is more effective than issue-by-issue arbitration. It seems that serious negotiations are not necessarily prohibited by a bilateral arrangement to resort to total-package arbitration in the event of stalemate. Therefore, final-offer arbitration may be considered as an interesting form of third party intervention, worthy of being judged on its merits through further research. For instance, it would be of interest to find out whether and how subsequent bargaining behaviour of the parties concerned has been affected by the award issued in June 1989 by the Dutch Public Advisory and Arbitration Committee. In this case the committee applied the rules of final-offer arbitration in order to settle a difference within the Ministry of Defense.

In any event, total-package arbitration has the drawback that an arbitrator is forced to choose between two packages which both may be unreasonable in his sight. An arbitrator may also be clearly in favour of one of the packages, except for one part which he finds very unreasonable (a so-called zinger). In the latter case, one can imagine that the arbitrator is allowed to mediate with a view to removing the zinger problem. Should the party concerned refuse to change its position, then it remains uncertain as to what the arbitrator will decide. Mediation in connection with total-package arbitration, therefore, seems to be much less sensitive to a third party's pressure tactics than med-arb.

## **7.5 Conclusion**

More than ever, there is a need today for comparative research in support of the improvement and harmonization of national systems of labour relations. Conflict management offers a promising framework for this type of research.

If the procedures of participation fail, third party intervention is an important means of conflict management. Part of the aforesaid research ought to be dedicated to the analysis of the different modes of intervention - including those which are still being developed - not only for its own sake but also because the effectiveness of third party intervention provides insight into how far labour relations in the various countries have developed.

In order to deal with the divergent institutional forms without prejudice, it is necessary to argue on the basis of a solid understanding of the true nature of the different modes of third party intervention.

## 8. THE SYSTEM OF INDUSTRIAL RELATIONS IN SOUTH AFRICA, HUNGARY AND THE NETHERLANDS

H.W.J. Moerel, L. Douwes Dekker, T. Akkermans

### 8.1 Towards a strategic approach; an introduction

Different industrial relations systems exist in pluralistic and non pluralistic societies. In Western European countries and the USA we find more neo liberal and neo corporatist relations, while in Eastern European countries and South Africa we saw, until recently, totalitarian and authoritarian forms of relations, respectively.

In pluralistic societies many items are subjects of consultation between organizations of employers, organizations of employees and government on different levels (company, sector/branch and national/central level). In totalitarian societies the state dictates the relations (Eastern Europe). Sometimes the overall political situation determines almost all other kinds of relations, including industrial relations as in South-Africa for the black people until recently.

In pluralistic relations a distinction can be made between neo-liberal industrial relations (USA, UK) and neo corporatist relations (the Netherlands, Austria).

These relations are embodied in institutions (behaviour) and institutes (structure) for constant consultation, cooperation and information.

Neo corporatism (alias tripartism, ILO; alias social dialogue, EEC) is understood to be a specific sort of policymaking that involves a special way of state intervention in industrial relations. Policymaking and intervention are linked together by means of tripartite agreements that are the result of constant consultation and trade-offs between the parties. The success of the linkage depends on the representatives of "state, capital and labour" defending those agreements in bargaining with their rank and file and ensuring their adherence.

Tripartite exchange means that the three parties have made concessions towards their own interests and demands. In other words, neo corporatism implies that representatives of the socio economic communities of interest, together with representatives of the national government, come to agreements concerning the direction and contents of socio economic government policy and shape the national industrial relations by means of trade offs.

The measure of corporatism is determined by the frequency, importance, size and width of these exchanges.

Full neo corporatism means that tripartite agreements concerning the whole territory of socio economic activities of the three "parties" are concluded regularly and that they are more or less accepted and acted upon by government officials, employers and employees (Arendsen and Geul, 1983; Albeda and Ten Hove, 1986; Albeda, 1989).

The advantages of neo corporatist relations are: co-determination of the rights of employees through trade unions, reducing the level of hostility between labour and capital, increasing the

motivation of employees, fewer strikes, greater mutual understanding of respective interests, higher productivity, lower costs of transactions.

The following conditions must be fulfilled to facilitate the emergence of a neo corporatist system of industrial relations (cf. Douwes Dekker, 1989):

- the existence of strong and representative *organizations* of employers and employees;
- the existence of an interventionist *state* which sees itself as one of three actors rather than the main actor;
- functioning *institutions* (behaviour) for constant consultation, cooperation, information, etc.;
- the existence of *institutes* (Industrial Council, Labour Foundation) for ongoing consultation, collective bargaining, cooperation, information, etc.;
- *expertise and skill* of officials and members of organizations, institutes and also public officials.

Neo corporatism does not come into existence overnight. It seems to be born out of uncertain and unstable situations (such as war, violence, internal political troubles). The historian Maier analyzed societies in which corporatism emerged and developed. He examined why leaders of organized capital and labour negotiated procedures or entered into contracts with state agencies to overcome a crisis in national affairs. They seemed to accept the constraints involved because in return they expected to reach agreement on priorities in regard to the resolution of the crisis facing their society. Those priorities or objectives included: economic stability; better export performance; maintenance of reasonable profit margins; recognition of the critical need for investment; the necessity for environmental protection, etc. More specifically, employees accepted the constraints involved in the belief that joint agreements on social policy would actively assist in improving the quality of life of employed and unemployed (Douwes Dekker, 1990). However, these outcomes will only come about if the actors are able to make critical choices. If one or more of the actors are weak, no binding agreement will be reached nor will the self-restraints be internalised: institutions of co-optation and repression will dominate the relations and freedom of association will be denied. Authoritarian societies can attempt to liberalize the economy and society, but hypermobilization is likely to result in some form of militarisation rather than democracy.

With major political developments and changes going on in both Eastern Europe (Galasi and Sziráczi, 1989; Sándor, 1982) and South Africa (Douwes Dekker, 1990) in the direction of civil rights and liberalization of the economy, one may speculate on the direction into which industrial relations will develop. Are there already signs of democratic developments or is it still premature to expect such results?

The concepts of political and industrial citizenship seem to become important conceptual distinctions. Political and industrial citizenship both imply rights and privileges but also duties and obligations. The link between the two forms of citizenship is forged when civil liberties are protected and freedom of association is promoted. The decision to join a trade union or to become affiliated to an employers' association reflects a willingness to exercise the right to associate and consider compromises of the collective bargaining process. The resultant 'industrial relations system', when activated at all levels, provides the crucial structural base through which procedural and substantive agreements are achieved. Political citizenship, however, need not always come first; sometimes industrial citizenship appears first as for instance seems to be the case in South Africa for the black workers.

In this situation it seems pertinent to draw comparisons between countries that already have pluralistic industrial relations and countries that pursue such relations. A comparison will reveal the role of bilateral and tripartite arrangements and will probably prevent the 'new countries' from making the same mistakes as the 'old countries'.

Using the preconditions mentioned above, a provisional comparison is drawn between three countries - South Africa, Hungary and the Netherlands - to determine how far they meet the conditions of a neo corporatist system of industrial relations. We use the theory of neo corporatism as it functions in most democratic countries (Lehmbruch and Schmitter, 1982; O'Donnell and Schmitter, 1986).

We are fully aware of the fact that the following review of industrial relations and neo corporatist theory lacks sufficient elaboration. Therefore, this paper should be read as a research *programme* that compares the industrial relations systems in different countries. The practical implications are discussed in the conclusions. A provisional and brief socio economic history of the three countries mentioned above is presented, followed by a description of their industrial relations system. The description of Hungary has been taken mainly from Galasi and Sziráczi (1989). The description of the Netherlands from Albeda and Dercksen (1989).

## **8.2 South Africa**

In South Africa employers' organizations traditionally perform an important role in industrial relations. Employers' organizations developed relationships with white trade unions at sector level by means of jointly established industrial councils which provided a system governance for minimum wages and working conditions.

This industrial council system was utilized in the manufacturing and mining industries to improve the standard of living of white employees. From the 1960s onwards the balance of power in the councils moved to the respective employers' organizations in each sector as the decreasing representativeness of white-controlled unions made industrial action, or threats to use it, meaningless.

The employers' organizations formed a consultative body, called SACCOLA, to represent their interests internationally. Since 1983 it has played an increasingly important role in South Africa, but still has inadequate financial, staffing and mandating resources. The attitude of most employers is individualistic, competitive, keeping information to themselves, remaining independent. Besides, they heavily rely on legislative solutions by the Industrial Court. A high concentration of ownership has moreover resulted in an emphasis on decentralized collective bargaining.

The white trade unions affiliated to TUCSA and SACLA and state agencies participated in tripartite bodies providing for apprenticeship training, unemployment insurance, etc. Government legislation facilitated the establishment of industrial councils and tripartite institutions.

Black employees were not granted freedom of association until 1979. The membership growth of black unions, associated in COSATU and NACTU in the 1980s has been considerable, but few have been able to establish effective organizational infrastructures. Nevertheless, effective use of representational strength and industrial action resulted in company-level collective bargaining with substantial wage improvements and in procedures to ensure fair conduct and behaviour. These procedures were not facilitated however by any legislative provisions. A private mediation and arbitration service was necessary as the black unions refused to use state services. Since the establishment of this service in 1984, its use has only increased.

From 1984 onwards the black unions increasingly entered industrial councils for centralized collective bargaining to cover all their recognition agreements. The black employees had to fight for the right to organize, to bargain collectively and to strike. Their strategies consisted primarily of stoppages, stay-aways and sanction supports.

Employers also used power strategies of interdicts, mass dismissals and delaying tactics to weaken the unions. Furthermore, employers adopted a more conservative attitude to industrial relations from 1986 onwards, because of the hypermobilization in the townships subsequent to the denial of political citizenship to African employees; the State of Emergency; and the 1986 breakdown in collective bargaining in the mining industry. Lockouts and interdicts were increasingly used and human resource practices and organizational development interventions have been unilaterally applied to regain control over the workplace and to contain production.

In 1988, following the three day stay-away of three million employees in protest against restrictive labour legislation, the employers' organization SACCOLA and the black unions' association COSATU and NACTU formed an ad hoc national bilateral forum.

Political, social and economic developments in South Africa have affected industrial relations. The escalation of politically oriented violence particularly occurred since 1985, when black people were excluded from the tricameral parliament. Increased use of authoritarian measures by the National Party government, destruction in black communities, and political divisions of unions through different alliances to ANC, PAC, NP and CP are other examples of political and social developments. Economic dimensions include: the increased ownership of the share market by four conglomerates; the recession during the 1980s with a loss of 800 000 jobs; the threat of

sanctions resulting in restructuring the economy, which caused loss of economic growth, and a government policy of deregulation and privatization under pressure from employers/private enterprise. In spite of the liberalization of society in early 1990, escalation of industrial action reflected a fourfold increase in the number of strike days.

Because of the complex political, social and economic developments, the rather weak position of the industrial organizations and the unstable outcome of their relations, the parties are becoming increasingly aware of their vulnerability. As a consequence, a tendency towards cooperation can be discerned at various levels of the system: enterprise, sector and national bilateral level. Whether this move from antagonism to cooperation can be sustained cannot be determined without investigation.

A last but no less important development is that in May 1990. SACCOLA, COSATU, NACTU, SACLA and the Department of Manpower have accepted the ILO as an independent standard-setting institute in May 1990 in an attempt to reconcile the implications of the bilateral agreement on labour legislation which SACCOLA and COSATU/NACTU negotiated with proposals from the tripartite (white interest) body (Douwes Dekker, 1990; Wetenschappelijk Instituut CDA, 1989).

### 8.3

#### Hungary

In the period between 1965 and 1968 principles of economic reform were worked out in Hungary. The 1968 reform aimed to make enterprises profit-oriented by linking investment and earnings to profit. As for investment, the principle adopted was that of a division between enterprises and central authorities. Enterprises were allowed to spend some part of their profits on investments: the greater their efficiency, the larger the part of the profits retained for investment. The increase in the enterprise wage level was to be dependent exclusively on enterprise profit. The effect of the reform was to expand the 'second' economy: small-scale plants, businesses and forms of income redistribution. The development and expansion of the second economy can be explained by the advantages it offered both the population and the economic management center. It helped reduce the chronic shortage of consumer goods and made it possible for the employees in the state sector to earn some supplementary income after regular working hours. The combination of both employment security and income maximization became widespread in Hungary.

This liberalization caused competition for labour among firms in the state sector and this situation forced enterprises to adopt different strategies to improve their labour market position. One of the strategies adopted by large enterprises was the establishment of enterprise labour markets. By using a system of internal labour allocation, wage fixing and training, firms tried to reduce the mobility of key employees and to restrict labour demand to the lower levels of the job hierarchy. This strategy is also explained by the absence of collective bargaining at establishment level; wages were regulated centrally and consequently the employees' side became fragmented. Only a restricted group of skilled employees occupying key positions were able to enter into informal

bargaining with the management, usually at the expense of other groups. Thus the internal labour markets were based on a consensus between management and elite employees.

The co-operatives and small- and medium-sized enterprises attempted to exploit their market flexibility by rapidly increasing their profits so as to raise wages and improve their labour market position.

The first opportunity for state intervention presented itself when complaints were formulated by a group of employees in large loss-making enterprises. Most of the criticism was directed against the allegedly higher earnings in small-scale enterprises and co-operatives, the accelerated labour turnover attributed to these earnings differentials, and the labour flow from large to small firms. A great deal of the criticism coincided with the interests of the managers of large enterprises, was reinforced by the party and trade-union representatives at enterprise level and therefore found support in sections of the regional, sectoral and central authorities. The pressure increased for central intervention to modify wage control, and to curb the wage competition of small-scale enterprises and co-operatives in order to reduce labour turnover and to control prices. All this gave impetus to the gradual growth of central economic management.

In 1971, wage control was changed to a form more favourable to large enterprises. But this did not solve the problems; on the contrary, it further weakened profit orientation. At the same time, the practice of central wage subsidies was legalized and extended. Annual budget estimates included subsidies, of which about 75% were granted to large enterprises in 1971.

The main reason for the failure of the reform lay, however, in the hierarchically organized institutional system of economic management, which impeded the emergence of autonomy and flexibility at micro-level. After introduction of the reform, the economy was regulated by both the government and the branch ministries.

The party (the Hungarian Socialist Workers' party) also played a role in the process of economic decisionmaking. The task of the party as laid down by the reform was one of guiding and controlling rather than detailed economic management. The party's economic control was achieved through a multilevel, multichannel consultation-control and reporting system, supplemented by the cadre-choosing authority of the party committee which decided who should fill a well-defined group of positions. The ministers reported regularly about their ministry's activities not only to the government but also to the party organization within their ministry and hence to the local party as well as to the economic departments of the party's central committee. These channels and those at regional and enterprise level not only provided the means of party control, but they also facilitated a two-way flow of information between enterprises and higher levels in the hierarchy, bargaining over economic management during the economic-political decisionmaking process.

Consequently, the symbiosis of political and economic decisionmaking and the unequal integration of firms left more and more room for state intervention.

Various authorities, including party agencies and trade unions, constantly monitored enterprises to see whether they were working in the desired direction. Still, the economy ailed, which became



obvious in the late 1970s. All indicators registered stagnation: economic growth stopped, investment rates fell, living standards stagnated, and external indebtedness increased.

To increase economic flexibility and to offset the effects of diminishing real wages on the standard of living, the central economic authority took various steps to liberalize the second economy. The results were spectacular in terms of an increase in food supplies and exports, and the actions taken served as a model for liberalization in other spheres. The legal private sector was an important target for liberalization. This sector employed about a quarter of a million people (1978) and consisted mainly of small family-run enterprises.

The nonstate sector was further expanded by leasing state-owned premises to private individuals. Certain state retail and catering trade units could be leased to private individuals for rent against payment of a security deposit. A third area of liberalization was the creation of new forms of small-scale undertaking. While the forms discussed above preceded liberalization, economic units of an entirely new type now developed. New possibilities of partnership and co-operative management were created.

But other changes expected from liberalization of the second economy did not materialize. No significant amount of capital flowed to the second economy with its improved legal status and the number of participants having their main jobs in the second economy has did not greatly increase. In other words, the second economy did not become entrepreneurial in nature, and its participants did not move to it from their main jobs in the first or state economy. It retained its old character, functioning mainly as a source of supplementary income for employees in the state sector. It is of course no accident that this form has become dominant. The structural position of the second economy is such that in spite of liberalization and legalization it cannot be transformed into a flexible, small, private-enterprise sector based on individual capital investment. This has a number of reasons.

In the first place the state regards the second economy as auxiliary and complementary. Although the output of this sector is desirable, the fact that income levels in the second economy are higher than in the state economy is not desirable. Secondly, the output of the second economy is important to the state sector in that it is produced by small-scale enterprises that do paid work for state enterprises and are dependent on them for their means of production and the supply of materials and orders. Thirdly, economic policy has not increased the autonomy of enterprises: they remain heavily dependent on the state and this impedes their effective management (Galasi and Sziráczki, 1989).

#### 8.4 The Netherlands

Since the 1920s and 1930s the Netherlands have grown accustomed to the tradition that the government is not the only one to make social-economic policy. The social organizations want to be involved in the development, formulation and often implementation of that policy. The government notices the expertise in the social organizations that she herself will not acquire very easily. Moreover, the employers' and employees' organizations possess the instruments to carry

out policies concerning wages, labour market and co-determination. It is therefore in the interest of all parties that social-economic policy is a joint policy.

This attitude of all parties involved has been self-evident for a long time. The first crack in the system of co-operation, which also took institutional shape in the Stichting van de Arbeid (Labour Foundation) and the Sociaal Economische Raad (Social Economic Council), appeared when the centrally directed wage policy was abolished in 1962/1963.

With this, however, an important element of social-economic policy was returned to employers and trade unions. Subsequent governments failed to get a grip on wage development by means of central agreements. Repeated government interventions followed, but also worsened the climate for co-operation between government and the social organizations. Nevertheless, the national organs for cooperation lasted and are still functioning today.

Since the end of the 1970s fundamental differences of opinion between employers and employees and between government and employees have led to a point where a joint policy is no longer developed and implemented. On major points the consultation system does not function well. The question can be put if the system still has any future. But even though the system of consultation, preparation and implementation of social-economic policy has been weakened strongly, there is no reason to write off the system, because:

- the parties involved jointly maintain the existing institutional structure;
- together with the intended tripartization of labour supply there will be a reinforcement of tripartite cooperation and regulation. The three parties are "convicted to each other" and will have to come to agreements on important questions in social-economic policy;
- it seems probable that the role of the social-economic organizations will also be enlarged with respect to the development and implementation of social security.

Whereas some pessimism about the functioning of the Dutch "social-corporatist structure" certainly does not seem unwarranted, new plans are on the stocks that can only function when tripartite cooperation is strengthened. In itself this structure leads to a certain measure of compulsion to cooperate. But with the absence of national consensus it will be doubtful if the existence of such arrangements will lead to restoring a way of cooperation between government and organized industry that will open the possibility of a high measure of coordination of the social and economic policies of both partners. To achieve this fundamental conceptual agreement on the desirability and possibility of policies will be necessary. At the moment this consensus is absent in the Netherlands.

On the one hand, government and employers believe that reducing the financial deficit is a prerequisite for realizing high and stable employment. On the other hand, the trade unions are of the opinion that this is the wrong order of priorities and that it will block the way to reducing unemployment.

As long as the reduction of the financial deficit has not been completed, there will probably be no consensus. When this requirement has been met, a "new corporatist" form of decisionmaking and policy will be possible again.

An important question is whether the trade unions will be sufficiently representative for the employees in the whole of the economy, because they have grown rather weak in the last decade. If a government wants to carry out its policy together with employers and employees, it will not only assume that their organizations are indeed representative, but will also pursue a policy that will strengthen the trade unions. Tripartization of the labour supply, a greater role of organized people in industry, can be a part of such a policy (Albeda and Dercksen, 1989).

## 8.5 Conclusion

It is not possible to make real comparison on the basis of these three cases. The descriptions of the industrial relations in the countries are too short and heterogeneous for that purpose. Besides, they were only meant to give an impression of the state of the art of the relationships. Nevertheless, some features can be recognized that are interesting for further investigation and comparison.

In all three countries the industrial relations system is strongly affected by political and economic affairs. When political affairs prevail, we see that the relations get less attention and decisions are unilaterally made by the government. When economic affairs prevail and national interest is at issue, we see the same unilateral decisions made by the government, unless all parties acknowledge the crisis and are willing to act on it. The other parties have to accept the decisions; there is no bargaining, exchange or influence on social-economic policy. In such situations neo corporatism is out of the question. Of course these situations do not apply all the time, which is why we may observe gradations in industrial relations.

If we made a continuum, then Hungary could be found at one extreme showing hardly any neo corporatism, the Netherlands at the other end with considerable use of neo corporatism and South-Africa between the two.

The differences can be explained when it is determined which prerequisites make a neo corporatist system of industrial relations work.

In Hungary we see an intervention state that does not see itself as one of three actors. Employers' organizations seem to be in a process of formation and although trade unions exist, they are not based on professions or industrial sectors. Most employers and employees were members of the one political communist party and were at the same time more or less forced to serve the state interest instead of their own specific interest. Cooperation in the sense of neo corporatism is therefore not at issue at the moment. The new entrepreneurial freedom provides for higher incomes and for the time being people seem to be satisfied with that.

In South Africa we find representative organizations of employers and employees, but for different reasons they lack effective organizational infrastructures. Expertise and skill of leaders of

organizations, institutes and also public officials are small. The state still intervenes. This means that bargaining and exchange hardly take place on a trilateral level, but rather bilaterally, because political citizenship has still not been institutionalized.

The only institutes for collective bargaining and cooperation seem to be the recognition agreement at company level and the industrial council at sector level as expression of bilaterallism. On a trilateral level we find statutory institutes providing for apprenticeship training, unemployment insurance, etc. The democratization of statutory institutes provides a possibility for trade offs between employers and employees. However, the nature of negotiations and possible trade-offs in South Africa is as yet unclear.

Yet, there are signs of tendencies towards more cooperation. On the one hand this is caused by the recognition of the vulnerable position in which interests cannot be served without acknowledging the interdependence between capital and state, and on the other hand it is caused by the changes in political and economic affairs which require a transformed notion of national interest.

In the Netherlands we find considerable neo corporatist characteristics. There are effective organizations of employers and employees. Almost all of them are associated at sector and central level. Consultation, co-operation and information take place very regularly; indeed many institutes specifically exist for these industrial relations. Members of organizations, institutes and also public officials have high expertise and skill. Most of them are especially trained for consultation and bargaining and they serve the interests of the employees they represent.

In other words, the government's social-economic policy is greatly affected by the other two parties. Nevertheless, when national interest is at issue, the government takes responsibility and makes decisions that are imposed on the other parties.

Interestingly enough, situations are not static but dynamic. All kinds of political, economic and even cultural affairs constantly change the shape of the industrial relations. As has been stated before, South Africa and Eastern Europe are looking for more democratic relations in their countries. This development will have its effects on the industrial relations as well. Comparison of the industrial relations in different countries may clarify the state of affairs in the countries mentioned. A mere comparison will not be enough, however. A strategy towards more pluralistic relations and tripartite orientation should be developed. The contents and requirements of such a strategy may well be based on the outcomes of comparative study. This strategy would imply that one or preferably more parties become aware of their role and take responsibility for shaping the industrial system and rise above their own specific interests to serve the common national interests. The use of bilateral negotiations and agreements in order to prevent retrenchment of (social) citizenship rights and to establish adherence to international labour standards are determinants of the exercise of statesmanship. We might call this industrial statesmanship. Poland is perhaps a good example in this respect. It is important that all parties start a process to start negotiations and to form institutions that are built into permanent institutes. It is equally important that wishes and demands are granted but also that duties and obligations are imposed, not by

way of constraints but by way of self-restraint. The Netherlands are a good example of this situation which arose after World War II (Windmuller, 1969). We call a Grand Trade- Off, by which all parties gain and which is established by neo-corporatism.

Now we can ask the question: what form of tripartism will be created by the actors in South Africa and Eastern Europe? Can the parties move their societies away from totalitarian and authoritarian tendencies through the exercise of industrial and political citizenship?

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## 9. EUROPEAN INDUSTRIAL RELATIONS: AN URGENT CHALLENGE

P.J.G.M. van Rens<sup>1</sup>

### 9.1 Introduction

In the view of the FNV there are two mayor trends in industrial relations. The first is decentralization. The second is the internationalization.<sup>2</sup> The two trends are challenging subjects for the FNV. Unions could be much stronger at enterprise level and should develop their power in the European context and improve the European engagement at home.

The European capacity to act should increase because of the demands which are the results of a growing number of positive developments:

- the decision to develop an effective single market within the EC
- the extension of that decision to the establishment of an Economic and Monetary Union and a European Political Union
- the decision as far as possible to bring about that internal market throughout Western Europe simultaneously
- the resulting decision to expand EFTA activities beyond the field of free trade and the growing cooperation between the EC and EFTA
- the increased activities of the Council of Europe, notably in connection with the Social Charter, the convention on social security, migrant workers and the respect of human rights and fundamental social rights
- the Single Act, which led to the transfer of new competences to the Community and a change in the decision-making procedures
- the decision of the Council (in principle) to place the " social dimension " on a level with internal market completion
- the more extensive involvement of the Parliament in decision-making and the increased significancy of the Economic and Social Committee, on which greater demands have been made, particularly by the Commission
- the revival of the social dialogue, a recent result of which has been that the ETUC has been called on to coordinate collective bargaining policy to a greater extent.

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<sup>2</sup> FNV: Executive Board Proposals on "Economic democracy and the trade union movement" to the FNV-congress in November 1990; Amsterdam, June 1989.

As result of all these factors, the European Trade Union Confederation (ETUC) has had to increase its presence considerably at all decision-making levels and is being called on to take an increasing number of more rapid and far-reaching decisions.<sup>3</sup>

The recent developments in Central and Eastern Europe must also be included in the deliberations. The reforms will put new or additional demands.

Although we do not yet know at the present time whether, and if so, what new European and international structures will emerge from these developments, an answer is needed. The trade unions which are only slowly becoming established in those countries show a strong interest in the ETUC and should, if they are democratic and function properly, at least be associated with the ETUC through the creation of an European Trade Union Forum.<sup>4</sup>

Against this background of far-reaching European changes there grows an unanimous view in the ETUC that qualitative progress and organizational renewal are necessary for the ETUC to meet present problems and future challenges. For the time being, the emphasis will have to be put on deepening ETUC activities instead of widening our present geographical scope immediately. The European integration, Europe 1992, the Economic and Monetary Union, the social Europe and the political union press the European trade union movement to focus its attention on these developments.

## 9.2 The social aspects of Europe 1992

Social legislation within the Community will have to be harmonized or unified on the road to progress insofar differences between the Member States hamper or obstruct the freedom of movement. Furthermore a European dimension should be added to this social legislation, since the trans-frontier movement and the Europeanization of business is actually undermining the realization of the objective of the national legislation concerned or the (legal) status realized by that legislation.<sup>5</sup>

European integration and a higher degree of joint policy conducted at the European level are inseparable. On the one hand, a further amalgamation of the EC Member States will increase the need for a better coordination. On the other hand, the tuning of policies is a prerequisite for a favourable European integration process. This applies to all aspects of economic and social policy. For every form of policy, proper democratic control should be guaranteed.

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<sup>3</sup> ETUC: Executive Board decisions, Brussels, December 1989.

<sup>4</sup> ETUC: Executive Board decision, Geneva, June 1990.

<sup>5</sup> FNV: European Programme; Amsterdam, November 1989.

The completion of a European internal market should be accompanied by a further development and formation of social policy, aimed at guaranteeing enforceable social rights, maintaining minimum standards and increasing the socio-economic cohesion. The acceptance of the Community Social Charter for fundamental social rights is a political signal for further action. The social action programme presented by the European Commission is a first step.<sup>6</sup> The programme with 47 proposals has to be implemented in conformity with the schedule. Directives and regulations should not be superficial nor only procedural.

The Irish Presidency has drawn up a time scale for complete implementation of the action programme by the end of 1991. This was one of the ETUC's demands. The Italian Presidency will have to ensure that this time scale is adhered to. All of the proposals are programmed by the end of June 1991 in order to allow for the 18 months of institutional procedures necessary for the final adoption of the directives on the fundamental social rights by the end of January 1993.

There are five important drafts in the programme of work for 1990:

- the directive on atypical forms of employment
- the directive on the reorganisation of working time
- the directive on the standard employment contract form
- the instrument on cross-frontier sub-contracting
- the instrument on information, consultation and participation.

After a preliminary consultation session at which UNICE opposed these drafts, the first two directives are adopted by the Commission.

They will then enter the decision-making procedure. We can count on the Economic and Social Committee and European Parliament issuing their opinions without delay, but the Council will have to play ball if these directives are to be adopted by the end of 1990, if possible, or at least if the common position of the Council is to be defined in time for the second reading in the European Parliament.

It is an important responsibility of the Italian Presidency to speed up the Council proceedings, primarily in avoiding a consensus sought at all costs with the British government<sup>7</sup>, which is at all events determined to contest the use of Articles 100 A and 118 A as the legal bases of social policy before the European Court of Justice. Qualified majority voting must make it possible to work rapidly and satisfactorily on the first two draft directives, which will serve as a test for the readiness of politicians to give concrete form to Community social policy.

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<sup>6</sup> European Commission, Communication on an Action Programme to execute the Community Social Charter for workers (COM(89) 568def dd. 5-12-1989), Brussels, December 1989.

<sup>7</sup> Employment Department, The United Kingdom in Europe "People, jobs and progress", London 1990.



The European Community should contribute a stop to extreme flexible labour relations and marginalization of groups on the job market. It should guarantee the preservation and further development of safeguards in the labour laws of the Member States to prevent (legal) insecurity on the part of the worker with respect to the extent of employment and the wages involved, the working hours, the nature of the work to be done, the duration of the contract, if specified, and the conditions on which this may be terminated by the employer.

Upward harmonization should be required in the interest of safety, health and well-being at work, determined according to the contents and organization of work, production and working methods, design of workplace, physical and chemical agents at the workplace, the machines and other instruments at work, and concerning industrial safety and occupational health care.

In a European Community in which labour and economy are based on a European model, it is unacceptable that regulations on guaranteeing safety, health protection and promotion of the well-being, differ widely. After all, these are matters which concern human integrity.

The present social dialogue must become an important step to the development of European industrial relations. Later in this paper we come back on its future.

### **9.3 Social security**

The EC Member States should declare that economic and social objectives must be realized in mutual coherence. This requires a specific set of measures. It also requires more powers and a more dynamic policy of the European Commission and the European parliament. The EC policy must be aimed at more permanent economic growth and at further economic and social cohesion within the Community, in line with the various obligations laid down in the EC treaties (e.g. articles 117, 118, 130). The differences in welfare within the Community must be reduced.

Social development and harmonization in the field of social protection should be translated into concrete directives or regulations that have a direct effect.

These directives and regulations should be based on the following principles and objectives:

- aiming at social development and social convergence
- rejecting social deterioration in order to improve competitiveness
- setting minimum standards concerning arrangements and provisions
- further harmonization of social security schemes
- improving coordination on the European level
- equal treatment of part-time workers in social security
- equal treatment of married and unmarried couples in social security

- equal rights for workers in general and members of their families from so-called " Third Countries "
- improving the position of cross-border workers in social security
- raising the level of social security for homeworkers.

#### 9.4 Economic democracy

The EC Member States should agree - as far as this has not yet happened - that they will ratify the UN Treaty On Economic, Social and Cultural rights, the ILO Conventions 87, 98, 111, 122, 135, 151 and 154 (on the Freedom of Association, Employment Policy, Freedom of Collective Bargaining, Non-discrimination in Employment and Occupation and Providing workers' representatives with facilities and legal protection), as well as the European Charter of Social Rights and its supplementary protocol.

The EC should guarantee that the workers' representatives in the enterprises established within its territory, are entitled to a minimum of information, consultation and participation equal for each individual Member State.

If the undertaking forms part of a structure or concern of enterprises operating in more than one Member State, the EC directive should arrange for workers' representatives, in the exercise of their worker participation rights, to be informed of the policy of the structure or concern, in any case with respect to activities within the EC territory.

The workers' representatives of the enterprises established within the EC and belonging to the structure or concern should, at the expense of the company, be enabled to consult with one another on the policy with regard to the joint European activities.

In turn, these representatives must be allowed to consult with the management of the structure or concern and to hire external experts at the expense of the company.

Within the framework of harmonizing the Member States' company laws for limited companies of a certain size, a two tier structure - the difference between executive and supervisory board - must be prescribed. The workers or their representatives should be given the right on the same terms as applicable to share holders to appoint members of the supervisory board.

It is desirable that, in addition to the Member States' limited company requirement, a company form of a European legal status is created, the European Company, for combining the different enterprises established in the various Member States.

In the Statute of this European Company, the worker participation at the level of the company bodies should be laid down in accordance with the above mentioned demands. The statute should also give the workers' representatives of the establishments or subsidiaries of the European

Company the right to consult with one another with respect to the company's policy and to enter into consultation with its board of directors. Statute of the European Company without sufficient workers' participation is unacceptable.

## 9.5 European trade union development

During the past years, the ETUC has more or less reached its completion, both geographically and as regards its size. The Spanish CCOO will join the ETUC before the end of this year. The same should apply, in due course, to the Portuguese Intersindical.

As a representative organization with a pluriform structure and no major ideological differences, the ETUC should become a real European trade union confederation in the next few years.

In the coming years, the priority objective will not only be the further specification of viewpoints, but also the joint realization of our wishes.

The ETUC operates in a relatively homogenous political and economic region. In the coming years, there is still a lot of work to be done, not only in expressing our goals but also in proving that we have chosen the right solutions. That requires a better decision-making process. Under the chairmanship of the FNV-President Johan Stekelenburg a ETUC workinggroup prepares the decisions for " a more efficient ETUC ".<sup>8</sup>

The joint efforts will have to become more close-knit and effective and pressure shall have to be exerted more efficiently in the same direction. For that matter, it has been laid down in the FNV statutes that we will follow majority decisions taken by the ETUC (and ICFTU): an example worth following in order to establish a real European confederation.

It is also the task of the FNV to interrelate the tendency of industrial relations towards internationalization and decentralization. This means among others:

- offering proper guidance and support to workers' representatives in international concerns
- collecting material for comparison about surveys into development of costs, productivity and labour conditions
- interconnecting demands of collective labour agreement negotiations held in various countries with respect to items such as:
  - employment/vocational training
  - redistribution of work and reduction of working hours
  - flexibilization
  - purchasing power.

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<sup>8</sup> Conclusions will be put before the Executive Board in December 1990 in Brussels. Decisions will be taken at the next Statutory Congress which will be held in May 1991 in Luxembourg.

In the FNV's discussion on the structure, tasks and working methods of the FNV and the trade unions, the international dimension is included. The development towards Europe 1992 must lead to more means and power on the European level and thus to an efficient as possible use of these means.

The FNV shall do its utmost to prevent duplication of the work being done by others. Nevertheless, we have learned from experience that an effective lobby and representation in Brussels requires a great deal of lengthy and laborious work and that results only become noticeable in the long-term and do not appear to be directly related.

In broad outline, the above statements on the relationship between the FNV and the ETUC applies *mutatis mutandis* also to the relationship between unions and industry committees.

The FNV trade unions are prepared to deploy sufficient manpower and instruments in their European structures. As enterprises more and more follow the European pattern, the unions will raise contractual or statutory provisions for transfrontier mutual consultation of workers' representatives and with the (International) board of directors as a subject of negotiations, as well as a form of participation in the bodies of the holding company to be established.

The industry committees will work on:

- the development of social consultation in the sectors and the realization of consultation with multinational enterprises
- increased cooperation between unions which represent workers in subsidiaries of "Euro-nationals", if necessary and feasible through the creation of European Economic Interest Groupings (EEIG) between unions concerned
- a more effective lobby with the European institutions and politicians, introducing the ETUC to the man in the street and particularly on the shop floor. The industry committees must become genuine main structures of the ETUC
- concrete actions in the sectors supporting our demands on the macro level. This also means more cooperation and mutual support between ETUC and industry committees.

The European industry committees are the weak spots in the European trade union structures. They should autonomously improve their capacity to act and to become counterparts to the employer organisations, which are stronger at enterprise and branche level than at confederal level.

## 9.6 The social dialogue

The FNV is pleased to find a broader political basis for a renewing and positive European integration, including a thorough social dimension. Full and better employment and more economic democracy should be priorities.

More democracy is in the interest of the people and the workers. We will do our best to translate our wishes into practical policy. The Community Charter for social fundamental rights is a starting point for execution of the social programme. The work scheme covering priorities and a time schedule must be kept. The total programme must be decided before the end of 1992. The majority in the European Parliament is on our side.

The European social policy should run parallel with the completion of the internal market. We do not need further meaningless and voluntary statements, but we do need solid decisions for a real policy. The regulation of the basic social rights must not only create a basis for further social legislation, but also for consultation and agreements between employers and employees.<sup>9</sup>

As far as the social dialogue (consultations between the social partners) is concerned, we wish to make progress and reach a more binding dialogue in the Community.

The social dialogue should be deepened (more binding agreements) as well as broadened (to sectors and enterprises). In the Netherlands, the various aspects of 1992 will have to lead to the social partners entering into consultation.

The Dutch economic policy should better anticipate Europe 1992 and the processes of change involved. We will have to establish together which factors will determine our (competitive) position in the long run and how we can maintain or improve this. The government started strength/weakness analyses of the sectors in relation to Europe 1992 as laid down in the latest coalition agreement. Trade unions want to be involved when adjustments and additions are made. The FNV had and in many cases the unions have formulated European programmes and occasionally far-reaching propositions.

FNV unions and their European industry committees will increase their efforts. The employers will have to abandon their reluctant attitude and start constructive negotiations.

Setting a clear date has put the European Community in motion. Europe 1992 has given new vitality and dynamism to the process of European integration. Europe will become what we will make of it together. The creation of European industrial relations is an attractive and urgent challenge in this context.

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<sup>9</sup> The view on the social dimension of Europe 1992 and on European social policy between both sides of industry differs considerably cfr. Sociaal-Economische Raad "The social dimension Europe 1992", Opinion 90/11, The Hague, 1990.

## 10. HOW INTERNATIONAL IS OUR VISION ON LABOUR RELATIONS IN THE PROCESS OF EUROPEAN INTEGRATION?

B. Reinalda

Although the world we live in today can be characterized in terms of internationalization, interdependence and for Western Europe even supranationalism, our visions on certain processes are sometimes more nationally oriented than internationally. The main question in this communication - and in posing it I already show my doubts about the answer - is: How international is our vision on labour relations in the process of European integration? The word international will not be used here in the sense of comparing states but in the sense of intergovernmental, in this case referring to the level of the European Community. Referring to the central problem of this session - survival of trilateralism in the present stage of European integration - I will answer this question from four different viewpoints: 1. the Dutch debate on labour relations, 2. the EC-policy at stake, 3. ETUC, UNICE and women's movement as transnational actors and 4. a comparison with the ILO.

### 10.1 How 'European' is the Dutch debate on labour relations?

In the nineteen seventies an elaborate scientific discussion took place about continuity and change in the Dutch labour relations and about the question whether one could speak of a system of labour relations. Now it strikes one that the discussion at that time was very much limited to the Netherlands and that the EC was left aside. As far as I know the EC played a role just once in the discussion functioning as explanatory factor. When in 1969 the American John Windmuller published his study on Dutch labour relations, he spoke about a "rather peculiar system" with an outstanding sophisticated central decision-making mechanism for "ordinary" economic goals. He expected the system with its strong features of tripartism to continue to exist in its initial form for quite a while but to resemble in the long run to that of the surrounding Western European countries. J. de Jong confirmed these expectations in 1974 - at a time when there was a tendency in the Netherlands to negotiate more at enterprise level - but pointed out at the same time that the other countries with more and more negotiations at the central level would grow towards the Dutch system. Cees de Galan supported De Jong's notion in 1977. Both Wil Albeda and De Galan explained the changes in the centrally controlled Dutch income policy in the sixties and the along coming crisis in labour relations from the influence of harmonization which was one of the consequences of joining the EC. Albeda in 1975: "It becomes an illusion more and more to think that one could compel a specific income (and price) level by maintenance of special procedures". Despite the decentralization De Jong in 1974 ascertained a renewed emphasis in the Netherlands at national level. This didn't surprise him noticing the on-going development of the EC. He expected the shift of power from 'The Hague' to 'Brussels' to continue and therefore supposed that central level pressure upon the system of labour relations would not decrease. W. Reynaerts

formulated this centralization expectation in the eighties as well. As for labour relations at EC-level itself general interest has been absent or minor. The main exception is an article by Tom Etty a.o., written in 1981 and pregnantly titled 'Reluctantly on the way'. Not until 1988 more attention was paid to labour relations at EC-level in connection with the (limited) social dimension of '1992'. The discussion however concentrated more on the consequences of the internal market for Dutch labour relations (e.g. preventing 'social dumping') than on decisionmaking and influence at EC-level (the possibilities of a 'European collective agreement' and a stronger 'social dialogue' in the EC are not overestimated).

The successful EC-policy for equal pay and treatment of women and men did not create a European vision on labour relations either, although that could have been a good reason. Not so much because of the national effects of the EC-directives but because of intergovernmental decisionmaking in favour of women. That equal treatment did not end in a European vision has to do with the (still) minor significance of female labour in both Dutch labour relations and the scientific debate on it. The area is dominated by men who seldomly discuss about gender or the consequences of genderized concepts and models for their theories. Unfortunately women's studies support this situation by judging EC-directives and other female-friendly international treaties merely on their national effects. They don't question the establishment and influencing of such international instruments with the exception of the periodical on women and law Nemesis that closely follows the developments concerning international treaties on women.

My conclusion is that one can not truly speak of a 'European vision' in the Dutch debate on labour relations. As far as an international vision can be discerned, it's core reveals that the EC leads to harmonization and that EC-policy has consequences for the national situation. Such a reserved view has more to do with a passive than an active position towards European integration and can hardly be seen as support for trilateralism at EC-level.

## 10.2 What may we really expect from the ec-policy on labour relations?

According to B. de Vries labour relations refer to the circumstances and conditions under which people can (or cannot) work as well as to the general direction of a social and political system. In the context of labour and society they include themes as 1. incomes, labour conditions and labour legislation, 2. employment, 3. social security and 4. relations between social partners (or the two sides of industry: employers and employees) and government (among which trilateralism is one). In the context of labour and enterprise they include themes as 1. labour circumstances and quality of work and 2. worker participation. EC-policy outlines on labour relations are given in the *EEC-treaty* of 1957 (in particular Title III from the third part of the treaty on social politics), the *Social Action Programme* of 1974 (with its first formulation of a coherent social policy) and the *European Act* of 1986 (with its supplementation to the EEC-treaty in view of '1992'). According to the Social Action Programme main policy-goals for the Community are: 1. realization of full and optimal employment within the Community, 2. improvement of living and labour circumstances so that mutual adjustment on the road to progress is facilitated and 3. increasing involvement of social partners

in the Community's economic and social decision-making and of employees in the procedure in undertakings.

Looking back over the past thirty years the implementation of these policies is far from impressive. Relatively speaking there is good elaboration in the field of *labour conditions* (such as free movement of employees, equal pay and treatment for women and protection of employees in case of dismissals, reorganizations and bankruptcy) and *labour circumstances* (safety and health). Less elaborated are the fields of *social security* (mainly for migrating employees) and *worker participation* (where one did not succeed to formulate a directive). The increase of *involvement of social partners* in decision-making remained undone. According to article 118 of the EEC-treaty the European Commission has to promote close collaboration in the field of employment, labour legislation and working conditions, occupational training and continuing education, social security, protection against occupational accidents and diseases, industrial hygiene, the right to unionize and collective bargaining between employers and employees. Before the Commission makes recommendations, it has to consult the Economic and Social Committee, which consists of representatives of several kinds of social sectors among which employers and employees. Because of its broad composition and its subordinate place within the decision-making process the ESC is rather unfit for a further elaboration of relations between social partners and European governments, even when improvements have been made in the past. To promote cooperation with social partners at EC-level 'tripartite' conferences took place since 1970 until they were ended in 1978. As an initiative of the trade union movement the Standing Committee on Employment has been created in 1970, in which four parties take part (trade unions, employers, Commission and Council of Ministers) mentioned to make head way with the coordination of member-states' employment policies. The social partners' comparatively most direct consultancy by the EC takes place here. Not until 1984 the European 'social dialogue' was more emphasized by informal meetings at Val Duchesse. Joint declarations have been adopted on a cooperation strategy for economic growth and employment (1986) and on the consequences for employees related to the introduction of new technologies (1987). However, the foundation of these consultations is rather narrow. According to the European Act a deepening of the social dialogue should take place. Article 118B states that the Commission does its utmost to further development of the dialogue between social partners at European level; if they think it desirable, this may even lead to contractual relations. But as far as outlines of a European system of labour relations are sketched in the 1988 report on the social dimension of the internal market, these are rather vague. The same goes for the Steering Committee made up of European representatives of employers and employees, founded by the Commission in January 1989 for consultations on social questions. Neither the course of things relating to the preliminary draft of the Community charter of fundamental social rights nor its substance are an encouragement in this context. The involvement of the two sides of industries with regard to the implementation of these social rights is only a minor consideration in the preliminary draft.



My conclusion is that EC-policy on labour relations as such is poorly developed and that trilateralism in the EC-structures has no more than a narrow basis, both in the ESC and the less formal trilateral meetings that have been held.

**10.3 How 'European' is the vision of transnational actors like etuc, unice and the women's movement?**

Comparing with national histories of labour relations, we may consider the trade union movement to be the most obvious actor to plead for a strong(er) dialogue between social partners and governments. How 'European' is the European Trade Union Confederation (ETUC) in this respect? My answer would be 'very European, but with restrictions'. These restrictions have to do with ETUC itself, employers and the EC.

I will not discuss extensively the 'European' quality of the 1973 founded ETUC, but indicate that already in the context of the Marshall-aid a Western European syndical direction was set and that a principled choice was made in favour of supranationalism. A sustained effort was shown for a broad composition of ETUC with both general and christian organisations (from the International Confederation of Free Trade Unions and the World Confederation of Labour) and even the communist CGIL from Italy. Besides ETUC did not confine itself to EC-countries. The mentioned restriction ETUC experiences from the side of the trade union movement has to do with the fact that it is a confederation of national organisations that are not always heading the same way. Past president of ETUC Georges Debunne writes in his book on the trade union movement and Europe (1987) that not all of ETUC's national organisations are heading for a supranational European union - a 'United States of Europe' - in the same speed as the originators of ETUC would have preferred. he recognizes that in this respect ETUC shows gaps and weaknesses. Besides ETUC has problems with the limited democratic character of the EC, because ministers take decisions at the European level without the European Parliament or the national parliaments having approved. Ingrid Stöckl, who did research on ETUC as a transnational actor, argues that the extent to which ETUC can enforce a European policy depends both on EC-conditions (e.g. structure and competences of the ESC) and on the extent to which national organisations agree on a European trade union policy that should be pursued. From my observations I doubt whether ETUC and its national organisations prepared themselves sufficiently and in time for 1992. However, we may expect that the internal market will enforce the trade union movement too in the direction of more European judgement and supranationality. But there will be at least two counterforces. The first is that national interests will not diminish at once or at all. They will continue to play their role for a long time and restrict a European trade union unity. Secondly the European trade union movement keeps its problems with the limited democratic character of the EC compared to national situations.

The second restriction to the European character of ETUC has to do with the attitude of employers. Although in the beginning of the seventies UNICE (Union des Industries de la Communauté Européenne) as a European organisation of employers seemed to show some

willingness to commit itself to a social dialogue at EC-level and to draw conclusions from that, UNICE refuses to enter into obligations at this level. In other words, as social (discussion)partner European employers are far less European than the trade union movement. The same conclusion can be drawn from Hans-Wolfgang Platzer's book on UNICE (1984) and from the negative attitude of employers towards a European collective agreement in the context of the internal market. In the report the Dutch employers' union (Verbond van Nederlandse Ondernemers, VNO) published in 1989 on the internal market, international coordination in the economic and monetary fields is far more appreciated than in the social field, where we mainly hear the creed 'more market, less government'. The social dimension of the internal market is mentioned only once and with the revealing comment that it is the trade union movement that wants more attention for it.

The third restriction to ETUC's European character has to do with the situation that the European Commission's interest begins with compromises between governments and only in the second instance with agreement and compromises between social forces. According to Stöckl this leads to a loss of efficiency for trade unions' cooperation in advising EC-bodies. ETUC's reserved attitude and the decision of not continuing the tripartite conferences since 1978 should be seen in the same light. Those conferences lead to relevant discussions and issues, but neither the ministers nor the Commission would bear the consequences. In my view, we have reached now the essence of our central question: survival of trilateralism at European level. An underestimation of the social compromise in comparison to the political compromise is untenable after all, unless one wants to deny the fundamental principle of all intergovernmental action that stable social conditions are the basis of political stability and a situation of peace and security. This means that in the end we need a stronger political will to revalue the social compromise. It also means that the struggle for a stronger social dialogue at EC-level is not only a matter of the trade union movement or 'social partners' but of politics as well.

In this context we should consider the position of the so called *new social movements* as well. Here I am confining myself to the women's movement. For quite a while the second 'wave' of this movement preferred an autonomous strategy towards men-dominated intergovernmental organisations like the EC. However, a research done by Natascha Verhaaren and myself showed that a small group of women who did choose to influence EC-policy, had at the critical moment a great impact on the establishment of relevant EC-policies. Thanks to women like Evelyne Sullerot and Jacqueline Nonon women's matters became an important component of EC-policy when in the beginning of the seventies the EC decided to develop a social policy alongside its economic policy. I refer to questions of equal treatment in labour conditions (i.e. not just equal pay like in the EEC-treaty article 119) and in social security. Essential as well is the recognition that the EC should help to solve problems connected with the combination of family responsibilities and paid labour. As a consequence some EC-organs were created which are important for the position of women in general as well as for labour relations. These are for example the Advisory Committee on Equal Opportunities for Women and Men and the Bureau for Questions concerning Women's Employment. That this small group of women was successful in the seventies depended both on the political support they managed to receive from the national levels and on the fact that they

held some influential positions in EC-structures. In my vision the women's movement that is expanding her international orientation, deserves attention as an actor by herself, because in matters of discrimination women did not only correct the EC but social partners as well. Without the women's movement ETUC would never have formulated its action programmes on equal rights and treatment or on positive action. The same goes for the fact that the mentioned VNO-report is very explicit about women's position on the labour market.

My conclusion in this context of transnational actors is that the original economic character of the EC, compared to the call for further political cooperation, has not been compensated sufficiently yet by a social character. Political decision-making until now shows little appreciation of compromises between social forces like trade unions, employers and women's movement and is rather inactive in creating structures for consultation between social partners and governments on issues that are relevant for labour relations. I do not argue here on ideological grounds but try to follow the 'logic of the system' and do realize that the actual political climate is not very fond of a strong commitment of governments to institutionalized social compromises. However, I wonder why international coordination is seen as necessary and advantageous for economic and monetary matters but not for social matters. According to my opinion we also need mechanisms in the social field, in this case labour relations, to ward off negative developments and to stimulate positive ones. When the EC confines its trilateral consultations to matters of employment, we must acknowledge that these are only a small part of the whole field of labour relations. Besides, in this way we might expect little from the realization of the third policy-goal formulated in 1974 (increasing involvement of social partners in the Community's economic and social decision-making and of the employees in the procedure in undertakings). From the viewpoint of democratization that would not be a good thing, especially when we realize that democracy is under discussion in the actual Western European situation. Concerning the 'European' character of the discussed transnational actors we must conclude that the trade union movement and the employers hold opposite views. In fact one should be surprised about the perseverance of the trade unions to demand for trilateralism despite all its disappointments until now. With regard to the women's movement one may hope that she will strengthen her orientation at the EC and its decision-making process.

#### **10.4 A comparison between EC and ILO**

The narrow basis of EC-trilateralism in the sense of underestimation of the social compromise has been deduced from inherent EC-developments until now, but gets more perspective when we compare with the International Labour Organisation in Geneva. The ILO is an early specialised intergovernmental organisation which has tripartism as characteristic. Already during the nineteenth century we hear about the idea of international labour legislation. Next there are international conferences, an international association for labour legislation (1900) and the first international conventions (1906). During World War One the American and European trade unions strive for the establishment of an ILO with great expectations for internationally formulated and

accepted standards. Governments' main motive for participation is their fear for social unrest and revolutionary threat. It's far more difficult to discover in history-books why employers participated. For them it's fear for social unrest and revolution as well, and for the internationally active French employer Robert Pinot even fear for feminism, as B.W. Schaper reports. Besides just after the war they had to do with power relations in which the workers movement held strong positions, so employers aimed at practical solutions as well. British and French experiments in class collaboration served as a model for this, in Great Britain for example the so called Whitney Councils. As for international organisation employers were no forerunners. On the contrary their international organisations started late and as a reaction to the international workers' organisations. The coherence of the international organisation of employers was stimulated by the ILO. Obviously employers' expectations were answered, because they continued their participation in ILO.

Special in the 1919-situation - the year the ILO was established - is according to Schaper that the governmental negotiators in Versailles were so afraid of the *political* aspirations of the workers' masses and their representatives that they made the *social* concession of an institutionalized international labour legislation. In other words, under the specific political conditions after the First World War a high value was attached to a tripartite structure of decision-making of 2 + 1 + 1, in which social partners were of the same strength between themselves and together as strong as the governments. That governments claimed a voice of at least equal to that of employers and workers combined, had to do, according to G.A. Johnston, with the fear that national legislatures otherwise might reject the conventions that were adopted by a two-thirds majority of the International Labour Conference, which would soon destroy the Conference's influence and prestige. Representation of social partners was seen as necessary according to Antony Alcock to secure that legislation was drawn up in the light of full knowledge of industrial conditions and to secure the best possible conditions for implementation. Fear existed that this intention would not come true when social partners would only act as advisers in decisions that would affect them vitally. After the Second World War there has been some discussion on the question whether the so called Industrial Committees, set up for specific industries like Iron and Steel, should be bi- or tripartite. Argument in favour of bipartism was that it concerned specialised conditions and that in that context social partners could negotiate and decide easier without governments. Argument in favour of tripartism was that governments would represent the whole population and could prevent the interests of a specific industry to be represented in a selfish way. Besides governments should protect basic human rights and maintain law and order. In the end tripartism won, although the right to set up bipartite subcommittees was accepted. In practice discussions in the Industrial Committees are conducted in the main by social partners. We may conclude that a certain pragmatism at lower ILO-levels leaves the general principle of tripartism intact.

Although less institutionalized ILO has welcomed relations with the international women's movement from the beginning. In ILO-history insufficient light was shed on this aspect until now, but the research by Verhaaren and myself shows that the international women's movement was very active lobbying at the League of Nations and the ILO from 1919 on. As a result one of the

women staff-members of the International Labour Office was in charge of keeping contact with important international women's organisations and women's departments of national trade unions. The Bureau was represented at congresses of the international women's organisations. It highly valued these contacts because these organisations were active for women in general and were not indifferent to ILO conventions and recommendations. The Bureau therefore looked for the active support and inspiration of the international women's organisations, even when they were heading a different way, as was the case for special protection of women workers which is incompatible with the non-discrimination principle. In 1959 the activities for women were institutionalized in a Panel of Consultants on the Problems of Women Workers, in which governments, trade unions and employers have each the same number of representatives (another practical interpretation of tripartism). ILO and EC can not be compared as such of course, but nevertheless let's try to have the two 'models' side by side.

The ILO-model is that of a global organisation set up with the specific end of international standard setting with regard to labour relations. It came into being against the background of revolutionary threats at the end of World War One. Because of this ILO deliberately received a tripartite structure of decision-making, which is functioning to everyone's satisfaction and in which even another social force like the international women's movement can have some influence.

Unlike the ILO-model the EC-model is that of a regional organisation which is to begin with an economic mechanism (a common market) with only a small margin for international standard setting in socio-economic matters. The EC did not come into being against a background of serious social unrest - certainly in the context of the Cold War but on that matter a majority consensus existed - in which a social concession had to be done for political aspirations. There is no tripartite decision-making structure with regard to labour relations, although there is an advising structure but this contains more social forces than social partners alone and is situated in a less important position in the EC decision-making process. Trade unions have tried to acquire a stronger position in favour of trilateralism in the expanding EC but without real success. The women's movement did not only manage to influence EC-social policy but saw some special women branches come into being, which however are rather isolated from the ESC and the tripartite conferences.

EC's economic character is not a constant but a variable, which is declining in favour of a stronger social and political character. If this trend is to continue - and that is what seems to happen - the EC will be more and more responsible for a socio-economic policy without social partners being involved strongly in decisions that affect them vitally. The underlying philosophy here is contrary to the one we found at the ILO, in which a strong involvement of social partners was decided in the light of both good information and efficient implementation.

## 10.5

### Conclusion

Returning to my question 'How international is our view on labour relations in the process of European integration?', I conclude that the Dutch debate is not very 'European'. The European

debate however is not very 'international' either. The basis for trilateralism in the EC-structures is as opposed to the ILO rather narrow. A further extension is hindered by the opposite views on European integration of employers and trade unions but also by the fact that the social compromise is underestimated in comparison to the political compromise. This makes survival of trilateralism not only a matter of power relations between social partners but also of political will. This political will may be restricted nowadays, but that will not necessarily last forever. Because in modern political systems - whether they are directed nationally or supranationally - social stability is the basis for political stability and because the EC tends to more political cooperation, we may expect this political will to grow, with the argument that a strong(er) involvement of social partners or other social forces in decision-making will contribute to good policy-making and implementation. This will not happen by itself. It will be the result of both a social and a political struggle, of struggle between employers and employees and of political struggle about the still unclarified function of supranational government in the social field.

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## 11. SOCIAL BARGAINING IN SPAIN: EVOLUTION AND CURRENT IMPORTANCE

J.G. Murcia

1. So-called "social bargaining" is one of the most outstanding characteristics of the scheme of industrial relations introduced by the 1978 Constitution in Spain. In fact, since that date there have been frequent contacts between the government, trade unions and employers' associations, and a relatively large number of tripartite or trilateral agreements have been reached by these these groups. As a result of this, many facets of social and economic policy in Spain in recent years had been agreed upon previously by the government and the social partners. Also, the contents of many legal measures and regulations affecting social and industrial matters were negotiated with the unions and employers' associations before being introduced. A notable example of this were the negotiations held with a view to obtaining approval for the Workers' Statute, the basic law currently regulating labour relations.<sup>1</sup>

The fact that social bargaining has attained such importance in Spain is, of course, due to different factors. Here, one has, indubitably, to establish the special characteristics of Spain's so-called "political transition", the transition, that is, from Franco's regime to the present democracy. This step was brought about gradually by reforming the previous structures and avoiding a sudden, complete break with the previous regime. Yet a consensus was needed between the principal political and social forces to carry out this strategy, and it was with this aim that the so-called "Moncloa Pacts" were signed. These pacts served, in the first place, to form new political structures, although, at the same time, they established a basis for the development of bargaining, by introducing a method of managing public affairs which neither the authorities nor social organizations wished to relinquish.<sup>2</sup>

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<sup>1</sup> Martin Valverde, A., "Las transformaciones del Derecho del Trabajo en Espana"; in Rodriguez-Pinero (dir.), Commentarios la nueva legislacion laboral; Madrid (Tecnos), 1985.

<sup>2</sup> Rodriguez-Pinero, M., "Relazione della Spagna", in: Bellardi (dir.), Dallo stato corporativo alla liberta sindacale. Esperienze comparative, Milano (Franco Angeli), 1985; Rodriguez-Pinero, Martin Valverde et al., Ideologias juridicas y relaciones de trabajo, Universidad de Sevilla, 1977.

The success of social bargaining also lies in other circumstances. First, the traditional trend in Spain towards cooperation between government and social partners, of which there is evidence throughout Spain's history, ever since labour legislation was introduced at the end of the XIX century.<sup>3</sup>

Secondly, the economic crisis and the transformation of Spain's production system, starting in the 1970s, which made it advisable for the government to win the support of unions and employers' associations before embarking on economic policy.<sup>4</sup> Thirdly, and finally, the favourable political situation, for both the weakness of the first democratic governments and the social-democratic nature of those which followed gave rise to negotiations with the social partners, at times in a search for support from society, and at other, as a result of a prior strategy on the part of ruling party.<sup>5</sup>

Social bargaining, on the other hand, has influenced on the configuration of the Spanish system of industrial relations, specially on the system of collective bargaining and on the establishment of the representatives of workers and employers. Of special interest has been the fact that social bargaining has influenced on the consolidation of the "more representative" trade unions and employers' associations and the acquisition of these organizations of a powerful position within the law and industrial relations system. In fact these associations are the ones which intervene in social bargaining and therefore, the ones which rule at a great extent that system.<sup>6</sup>

2. So-called "social bargaining" in Spain has involved different stages and been afflicted by widely varying vicissitudes. The transition from the 1970s to the 1980s was, of course, a stage which propitiated bargaining, given the proximity of the political transition, the weakness of the

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<sup>3</sup> Linz, J.J. "A Century of Politics and interests in Spain", in: Berger (dir.), Organizing Interests in Western Europe Pluralism, Corporatism and the transformations of the Politics, Cambridge University Press, 1981; Martín Valverde, A., "La formación del Derecho del Trabajo en España", en Martín Valverde, Valdes, Palomeque, Casas, Pérez, García, Murcia, La legislación social en la historia de España. De la revolución liberal a 1936. Madrid (Congreso de los Diputados), 1987; OJEDA (dir.), La concertación social tras la crisis, Barcelona (Ariel), 1990; Pérez Díaz, El retorno de la sociedad civil, Madrid (IEE), 1987.

<sup>4</sup> Fuentes Quinlana, E. "Tres decenios de la economía española en perspectiva", and Palacio Morena, "Relaciones laborales y tendencias organizativas de los trabajadores y de los empresarios", in García Delgado (dir.), España Economía, Madrid (Espasa-Calpe), 1989.

<sup>5</sup> Giner/Pérez Yruela, El corporatismo en España, Barcelona (Ariel), 1988; Moyano Estrada, E., Corporatismo y agricultura Asociaciones profesionales y articulación de intereses en la agricultura española, Madrid (IEAPA), 1984.

<sup>6</sup> García Murcia, J., Organizaciones sindicales y empresariales más representativas, Madrid (Ministerio de Trabajo), 1987; Escudero Rodríguez, R., La representatividad de los sindicatos en el modelo laboral español, Madrid (Tecnos), 1980.



government of that time, the need to enact a set of labour laws to fit the Constitution, and the urgent need to respond to the serious problems facing Spanish society, particularly unemployment.<sup>7</sup>

The most visible result of bargaining in that period, albeit not the only one<sup>8</sup>, was the National Employment Agreement (ANE) signed in 1981, which outlined a new employment policy and paved the way for a partial reform of labour legislation, in particular of several welfare schemes.<sup>9</sup> It was signed by the UCD party Government, the Union General de Trabajadores (UGT) and the Comisiones Obreras (CCOO) trade unions, and the employers' associations, the Confederacion Española de Organizaciones Empresariales (CEOE).

The rise to power of the PSOE in 1982 saw the beginning of a new stage in "social bargaining" in Spain. The early years of this period also proved favourable for negotiations between Government and the social partners, given, in particular, the close relations between the ruling party and the UGT. Their close understanding and the need to tackle economic and social policy with renewed determination, were the main factors which led to the 1984 signing of the Economic and Social Agreement (AES). Much broader than its predecessor, the Agreement sought very different objectives, ranging from the relaunching of employment policy, to a wide-ranging reform of labour legislation and the adjustment of Spanish laws and structures to those in force in the European Community, which Spain was going to join.<sup>10</sup>

The AES represented an important step forward in "social bargaining" in Spain. Yet, at the same time, it highlighted the problems which negotiations, a weakening in the foundations of bargaining, since one of Spain's leading unions, the CCOO, withdrew from the negotiations and failed to sign. At first its withdrawal was of no great consequence, but, in the long-term, it meant the start of strategy of confrontation with the Government and of systematic criticism of the latter's labour and social measures by that union which was backed, in turn, by the political parties to the left of the PSOE. This strategy also influenced the stances adopted by the UGT, which was obliged, in order not to lose the support of the workers, to distance itself from government policy and gradually withdraw its support for it.

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<sup>7</sup> Villa Gil, L.E., (dir.), La transición política y los trabajadores, Madrid (Ediciones de la Torre), 1977; Idem, Materiales para el estudio del sindicato, Madrid (IELSS), 1984.

<sup>8</sup> Alonso García et al., Comentarios al Acuerdo Marco Interprofesional sobre negociación colectiva, Madrid (IES), 1980.

<sup>9</sup> Rodríguez-Pinero, "Derecho del Trabajo y concertación social como instrumento de la política de empleo", in AAVV, Jornadas técnicas sobre concertación social, Madrid (IELSS), 1982.

<sup>10</sup> Moreno Vida, Los pactos sociales en el Derecho del Trabajo, Universidad de Granada, 1989; Villa Gil, Los grandes pactos colectivos de la transición democrática, Madrid (IELSS), 1985.

This all signified, in the final analysis, a breakdown in relations between the Government and the unions, and led to the subsequent years. The culmination of this new situation was the General Strike called at the end of 1988.<sup>11</sup>

3. This new circumstances also led to "joint action" by the two major unions in the country (CCOO and UGT), a situation which had not been seen since the political transition stage. At first this joint action brought a rise in tensions and differences between the Government and unions. However, with the passing of time, it also made it possible for the previous breakdown in relations to be overcome and for the way to be paved for what is clearly a new stage in bargaining, beginning at the end of 1989.

This stage of "social bargaining" differs markedly from previous ones. One should even speak of a new bargaining model. The first feature is the reason itself for bargaining, namely the unions' formulation of a list of measures and proposals (brought together in their "Priority Union Proposal", signed by UGT and CCOO in 1989) the outline and channel their lines of action.<sup>12</sup> Some of these measures are restricted to collective bargaining with employers, but many also include proposals and demands on the government. Affecting the action of the authorities, their achievement necessarily depended not solely on the unions' activities but also on the Government's assumption of corresponding commitments. This is the reason why the unions keenly sought a restart of negotiations. It is also true that this greater willingness on the part of the unions coincided, at the time, with a greater weakness in the Government, which had seen its support eroded following the latest elections (October 1989).

The fact that bargaining was a union initiative also meant that bilateral relations between Government and unions were to acquire special relevance in this new stage, and that the employers' associations were to take a back seat. The organizations representing the employers are also taking part in this round of negotiations, but are always one step behind what is discussed and agreed by the Government and unions, a fact which has produced fierce criticism from employers' quarters. Moreover, the unions' aim of jostling the employers' organizations from position derives from their wish to wring the maximum amount of commitments from the Government, without these bringing concessions for employers to prevent the possibility of these adversely affecting the workers' interests.

4. This is also the reason why the procedures being followed in this new stage of social bargaining are also exceptional. Unlike other occasions, and despite the fact that three parties are actually involved in them (Government, unions and employers' associations), the negotiations have

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<sup>11</sup> Santos Julia (dir.), La desavenencia. Partido, sindicatos, huelga general, Madrid (El Pais-Aguilar), 1988.

<sup>12</sup> CCOO, Propuesta Sindical Prioritaria, Madrid, 1989.

been carried basically on a bilateral basis, in separate meetings between Government and the unions, on the one hand, and the employers' representatives, on the other. There are no trilateral meetings - or at least there have not been any thus far -, although the results of negotiations in the different bilateral meetings are discussed and brought into line with each other. This means that the pace of bargaining is slower and more gradual, since not only does it make separate meetings essential, but also, according to the government, successive meetings with each side - as bargaining proceeds - to convey the results of the negotiations to the group which was absent.

One particular characteristic of the new round of negotiations is the division of the different topics into different meetings or bargaining conferences. This was also a union initiative, for the unions have preferred separate, specific treatment of each of the bargaining issues, as opposed to the joint treatment of issues in previous stages. This, therefore, is a new attempt by the unions to maximize their gains and minimize concessions; they are attempting to avoid their progress in one field being used by the government to demand specific concessions in another sphere of economic and social policy. On this occasion, the unions see bargaining not as an exchange of benefits and counter-benefits, but purely and simply as a need for the government to adopt their social proposals.

For all these reasons, "social bargaining" currently appears, on the one hand, as a long, complex process and, on the other, a process whose outcome is difficult to predict. In fact, the current negotiating round began in the final months of 1989 and is still in full swing. Some agreements have been reached, although they have not yet been implemented, not have the measures need to put them into effect been adopted. Furthermore, hanging over much of what has been agreed between the Government and the unions is the threat, in some cases explicit, of rejection by the employers' associations, who have shown themselves willing to use even legal means to prevent some of the agreed measures from being carried out.

5. Moreover, the issues involved in this new stage of bargaining are very varied. The main reference is, the Priority Union Proposal, which contains four main sections: a) Increasing and upgrading employment, with special reference to restricting temporary hiring, employment distribution and youth employment promotion; b) Improving welfare protection, with special reference to unemployment coverage, the creation of welfare pensions and the creation of a "guaranteed social wage"; c) Income redistribution, with the aim of maintaining the value of wages and pensions, reducing workers' tax obligations and guaranteeing investments that will generate employment; d) Workers' participation rights broadening the scope of collective bargaining, attaining participation by them in enterprise and in the establishment of minimum services in the case of strikes. Of this long list the Government and the unions have so far only reached agreement on three points.

The first, more known and more problematic has to do with employment and the hiring of temporary workers, and basically represents a commitment by the Government for workers' representatives to be informed about the number of temporary workers hired by companies and about the basic content of their contracts of employment, to set up commissions to supervise the contracting of labour, in which unions and employers' associations are to participate, and to permit workers' representatives to participate with the labour Inspectorate in supervising labour contracting. In this way previous legal concessions to the workers' representatives are going to be improved. This agreement, which is aimed, first and foremost, at "union contracting control", has been fiercely criticized by employers' associations, which consider that this agreement restricts their management powers, damages the financial situation of enterprises, harms the intimacy of the workers and increases unfairly the power of the trade unions, since the workers are indirectly obliged to join the unions.

The second agreement reached by the Government and the unions has to do with state pensions. It is centered, above all, on establishing so-called "welfare pensions", on improving Social Security Family benefits and on increasing and periodically upgrading the value of other financial benefits available. The unions are thereby seeking to influence the contents of a Bill with similar objectives, which is presently passing through the Spanish Parliament. The aim of this agreement, then, is to act as a kind of negotiation for this future legislation.

The third successful agreement till the moment deals with collective bargaining within the civil servant sector. As the first time in Spain a law in 1987 opened possibilities of collective bargaining for civil servants; but since the beginning trade unions saw that as a very limited process and for that reason they have been, since then, claiming for a change in the law. With this agreement the basis for the elaboration of a new legislation were established. This new law claimed to give to the civil sector a system of collective bargaining more similar to the one of the private sector.

Yet since this is a bargaining process which, in material terms, is, "trilateral", agreements with employers' associations had to exist. And, although the content of these has not received so much publicity, the Government has, in fact, reached a number of different commitments with the employers' representatives. These centre partly, it seems, on a progressive reduction in employers' financial contributions to the state Social Security system, something which the CEOE has been demanding insistently over the last few years to permit firms to reduce labour costs and become more competitive.

6. Despite all these agreements, the results of the beginning in the period 1989-1990 are still few and not very clear. The achieved agreements are not directly applicable; all of them are characterized by the fact of being the basis for the preparation and approval of laws in Parliament. In fact, they serve as a "pre-bill" for future laws. These bills - with the exception of the one related

to collective bargaining in the civil sector<sup>13</sup> - have not been passed, though they are quite advanced in their process. Meanwhile social bargaining undergoes ups and downs and an irregular rhythm. At the moment several aspects have still to be discussed.

Competitiveness is precisely the issue which is currently being discussed before new rounds of negotiations. Both the Government and the employers' associations are heavily underscoring the need to reach a "competitiveness pact", in order to improve firms' positions and the Spanish economy overall, with a view to full integration in the European Common Market. One of the topics included in the pact, seemingly, is the containment or keeping to a minimum of wage rises to reduce firms' labour costs, which has been supported by a recent International Monetary Fund report. But this has already provoked opposition from the unions, who describe it as an imposition by business sectors and consider that the circumstances (the economic crisis) no longer exist which such a measure advisable.

Contrary to the previous matter, the trade unions prefer to concentrate on the employment field. In concrete, they demand to the Government, negotiations in order to get a better and wider sharing of employment, specially through measures of anticipated retirement, reduction of working hours (the law sets 40 hours per week maximum), and lowering of the number of extra hours (no more than 80 per year nowadays). However, it is not easy to get agreements on these matters, since the Government suggest that they should be dealt within the collective bargaining and the employers' associations do not regard them as a priority or a suitability.

There are others subjects of interest for the Government or the trade unions. Among them we can consider for example investment funds as a means of generating employment by the enterprises and of the workers' participation in the ownership and profits; the new legislation on the right to strike, specially regarding strikes in essential services in society, in which the Government want to intervene whereas the trade unions prefer self-ruling; and taxation of salaries, since trade unions claim for a reduction.

The success of these negotiations is still more uncertain than the previous ones. As an overall view we can say that in the period 1989-1990 the trade unions have achieved a higher degree of participation in the social and economic policies. Besides the more relevant labour legislation is going to be based on the agreements reached between the Government and the social partners through social bargaining. Eventually the success of this stage of social bargaining will also depend on the joint action of the trade unions, which may be broken as a consequence of the elections of the workers' representatives in the enterprises at the end of 1990.<sup>14</sup>

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<sup>13</sup> Ley 7/1990, de 19 de julio, obre negociación colectiva y participación en la determinación de las condiciones de trabajo de los empleados públicos (BOE 20 de julio).

<sup>14</sup> The next elections of the workers' representatives (so called "unions elections") are going to be celebrated within the period october-december 1990; the results of the previous elections in Ministerio de Trabajo y Seguridad Social, Elecciones Sindicales 1986, Madrid 1987, and Ministerio de Administraciones Públicas, Elecciones de organos de representación del personal al servicio de las Administracion Públicas, Madrid, 1989.

## 12. APPRENTICESHIP AND VOCATIONAL EDUCATION

M. Santema<sup>1</sup>

### SUMMARY

The new industrial wave since 1976 gave rise to a vocational impulse in most Western European countries. Vocational education and apprenticeship received more attention. Interdependence between labour and education is growing and the boundaries between these two worlds are fading away. The search for new forms of education-and-training and also of cooperation between diverse organizations (labour organizations, employers' organizations, governmental organizations and educational organisations) started slowly in the Netherlands and at national level. Fundamental rethinking and a concrete approach based on content are given insufficient chance, rigid power-play and status quo thinking dominate. A more integrated problem-approach, real decentralization and (evaluation of) implementations are second-order issues.

This article is partially based on some observations and findings resulting from studies of apprenticeship, vocational education and tripartism in the northern part of the Netherlands. A conclusion is that we need some model projects, primarily bottom up, where the regional and (inter-) national level meet and work together. Or are we doomed to return to the age before Thorbecke and Von Humboldt?

### 12.1 Introduction

In attuning the capacity and content of vocational education better to demand from the labour market, central planning is generally regarded as inadequate. Nonetheless, in the 1950's and the 1980's, when the business community, urged on by the Dutch Labour Foundation, became expressly involved with education and training, a central approach was heavily favored. That the sectoral approach according to branch of industry was termed decentral doesn't alter this. We are confronted here with the sector-region issue and the decentralisation paradox. The attention paid to the region as integration framework is rather limited, especially in the more micro-oriented eighties.

### 12.2 The neglected middle-range

The regional "middle-range" is relatively neglected within the dominant Dutch policy model, both in the socio-economic and the socio-cultural domain. Partly as a result of this, the interplay between these two worlds is also neglected. It is in our view precisely this middle-range, as potential

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<sup>1</sup> We thank D.W. Maandag, J.E. Wichers and J.P. Allan (translation).

framework for (re)integration of policy, which is of the greatest importance for actual implementation of technological and social innovation in strategic terms, certainly in a structure-weak region such as the North Netherlands.

The accent of policy is too heavily placed upon management and control from the central national level by the government and the central and sectoral umbrella organisations, supplemented by a small number of specific generic individual schooling subsidies. Power, manpower and know-how are heavily concentrated there, and this concentration continues to increase. That is the direction of career patterns. Partly due to the transition from command economy to negotiation economy, and because of the increasing legitimization problems, the game is becoming more subtle..... and more dysfunctional. Complaints about administrative viscosity and sclerosis, and about vertical compartmentalization and fragmentation, are becoming more manifest. The number of vocationally oriented educational facilities is growing explosively and regular vocational education and the apprenticeship system are almost imperceptibly changing partly their character. Many intermediate facilities are appearing between and within these two complexes of facilities. Boundaries are becoming hazy, also between vocational education for the youth and reschooling and updating courses for adults. The content of the relation between general and specific education is becoming more dynamic, and it is harder to distinguish clearly and unambiguously between the two. Uncertainty is increasing, fuelled further by the neoclassical climate of the eighties.

The national government, so dominant in the domain of education and training in this country, is suddenly and somewhat ambivalently withdrawing. Central and regional umbrella organisations in the socio-cultural and socio-economic sphere are at the moment in our view insufficiently capable of filling the resulting power vacuum. This also applies to the lower levels of government and the educational organisations themselves, which are unaccustomed to functioning independently. This is partly an indirect result of the pacification of 1917/1920, which increased the bureaucratic centralism and regulations in education considerably. The bewildering conclusion is that nobody appears to feel responsible at this moment for the development of the pattern of educational facilities as a whole. This is painfully clear, especially in the regions.

### **12.3 Fundamental recalibration and reconstruction**

Is the prospect so sombre at the threshold of the nineties, is there no light at all? Is yet an extra administrative layer to be expected at the European level which is furthermore as yet not subject to formal democratic control? What has become of the "learning society" proclaimed in the sixties and early seventies by the international gremia? Why for example has paid educational leave in this country only been sparingly introduced, and then reduced in content to tailor-made intensified training? Weren't the ideas over education and training of Von Humboldt and Thorbecke, and especially those of the founders of the Dutch apprenticeship system in Drenthe concerning the relationship between the worlds of labour and education, much better thought and to some extent

more modern? Are we in the year 1990 unable or unwilling to recalibrate more fundamentally and to reconstruct the pattern of education and training more systematically? Aren't matters bogging down unnecessarily because in this country for schooling and labour the same things are being done rather superficially in the various compartments? Our view is that a more fundamental, concrete and cohesive approach and handling is needed.

A few inspiring examples from other countries: first of all the excellent study by Hörner and Schlott (1983), where the educational system is analysed both at micro and macro level, closely related to the economy and the social order; an OECD study (1985), less removed from daily practice, directed toward education and training after basic schooling; and last but not least, the approach through model projects by Rauner c.s. from the Institut für Technik und Bildung in Bremen. The last-mentioned researchers have attempted to integrate theory and practice more in vocational education and, in an extremely advanced project with Volkswagen, even training and production. The Netherlands as trading country is apparently not nearly ready for such innovations yet, as can be deduced from the course of the discussion concerning technical advice centers for the union movement.

In the 1980's great interest has been showed for vocationally oriented education for youth and adults in reaction to the "Industrial wave" announced in the Economic Outlook and by Callaghan in 1976. The accent of policy has been placed more on the cooperation between (vocationally oriented) educational facilities and the business world. As a result it has become possible in principle to improve the exchange between educational and industrial innovation and simultaneously to optimize the response to the more specific demand for labour in a given region. The Scientific Council for Government Policy (WRR), amongst others, offered advice along these lines in its report Activating Labour Market Policy. An Advisory Committee on Vocational Education/Training and Labour Market, lead by top Phillips executive Rauwenhoff, will present more precise suggestions in the very near future.

Several administrative measures have already been taken at an earlier time. The most radical of these concerns the tripartition of Employment Services (ARBVO), for which incidentally the decision making is not yet completed. The Socio-economic Council (SER) advised the government to adopt this measure in 1984. The ARBVO will play a key role in a yet to be created administrative structure, and so facilitate a better coordination of educational efforts in the region. It is expected that the participation of employers' and employees' organisations (the social partners) in the tripartite and four-party negotiations at central, sectoral and regional level, and the increased level of, respectively, self-administration and responsibility of the involved parties in the region at the basis, will improve the understanding and cooperation between the worlds of education and labour.



The recently formed centre-left government intends to make "social renewal" a cornerstone of her policies. A memorandum with that title has a somewhat more socio-cultural character, and gives attention to the integration of policy and to schooling and regionalisation/decentralisation. The connection with the sixties and early seventies seems here to be partly re-established. As far as the consequences of policy and implementation are concerned, some observers are as yet largely sceptical (for example Van Voorden, 1990).

#### 12.4 The vocational education project for the northern region

To obtain a better view of, and hopefully also a better grip on, the issue at hand, we formed in 1986 a Project Group for Vocational Education in the Northern Region (BRN). We were deeply intrigued by the question how the overall pattern of educational facilities, from general education to business-oriented courses, actually developed from lower secondary education onwards. It is possible thereby to observe the outside of the whole system, the macro-structure, the organisation within this structure (on various levels) and the contents. Because of the potential (re)integrating power of the region as framework for policy, we decided upon a regional approach (see also Van Voorden, 1979). It is after all in the regions that national policy assumes a concrete form and it is there that it becomes apparent (expressed somewhat over-simply) what works and what doesn't. We will concentrate successively on the apprenticeship system and Secondary Technical Education (MTO) and several sections and occupational routes within these training and education types. The experience gained in and previous to the BRN Project has left its mark on this article (Santema and De Boer, 1984 and 1985).

The activities of the Project Group were exhaustively reported at a conference for Education and Business world in Regional Perspective (Chances and Challenges for the Nineties) and a study 'Secondary Technical Education and Regional Education Policy' was presented to the Ministry of Education (Santema, Maandag and Wichers, 1989 a and b). Amongst others representatives from the social partners spoke at the conference. The introductory speaker was Albeda, a more outspoken proponent of tripartism than for example Emmerij and Ritzen (1983).

Albeda (1989) sketched the changes in the structure of employment opportunities and of the required qualifications and focused attention in particular on structural differences to the fifties and sixties. He deplored the choice then made in this country for separate full-time vocational education and the (in part resulting? M.S.) late and slow development of study branches in connection with the apprenticeship system. Albeda remarked among other things further that the "learning society" proclaimed in the sixties is currently being realised, and that the general formative component within vocational education and training is once again gaining in importance. He regards tripartition of the Employment Services and an active education policy as suitable for the -typical of the learning society- increasing interdependence and dynamism within and between educational facilities as well as between these and the business world.

We suffice with this impression of Albeda's overall view. In the remainder of this article, which contains in its entirety a plea for a more refined development and planning of educational facilities at regional level, we give some attention successively to several developments at administrative level and in the increasingly complex and dynamic domain of education and training. We conclude with a suggestion for a new approach for reconstruction of the educational system.

## 12.5 Some remarks on the administrative sphere

The Dutch variant of the welfare state is receiving increased criticism. We already indicated the uncertainty and dysfunctionality of the development and planning of educational facilities. The administrative reorganisation, regarded by all and sundry as necessary, is progressing painfully slowly.

Government Commissioner Tjeenk Willink waited until his farewell to broaden the view to lower government, and only then pleaded for working from "outside to inside". Indicating the budget, Geelhoed (1989) refers to a "mal néerlandais", in which existing arrangements make new choices and better solutions near to impossible, and looks jealously at new developments in France. Referring to the Social Renewal Memorandum and the tripartition of the Employment Services, Van Voorden (1990) indicates the dominant internal orientation of the government and the contrast between territorial and functional decentralisation. As far as this is concerned the present ombudsman has, in his previous position in the decentralisation project carried out under his leadership for the education sector, experienced all too emphatically the power of the Ministry of Education and the umbrella organisations.

Societal developments continue nonetheless. Reynaerts (1985) concludes that labour relations are evolving towards a fragmented, pluralistic transaction model, characterised by profiled promotion of interests, contractual pragmatic regulations and "hands-off" government. Central organisations, especially the government, are losing influence and with that as well the more integral deliberation, administration and guidance. Undesired side-effects are the result. The general interest, the weak, the fragile and even temporarily the strong-new (for example some groups of well-trained youth) are put under pressure. Did a part of the voting public feel this only too well in the last elections? Even the WRR appears, from a closer inspection of its reports, to be often quite sensitive to trends and too closely tied to government policy. As a result it cannot adequately offer a disinterested counter-influence. Viewpoints such as that expressed by Hoefnagel and Kroon (1982) from the since dissolved, at times "spying"<sup>2</sup> Harmonisation Council for Welfare Policy, a healthy sign for the development and planning of educational facilities, have unfortunately so far been ignored.

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<sup>2</sup> "dwarskijkende"

The increased involvement of the social partners since 1982/1983 in (vocationally oriented) education can in principle contribute to both the loosening of rigid and partly dysfunctional horizontal and vertical administrative relationships, and the establishment of a new mixture of learning places/Lernorte and educational content, certainly now that the boundaries between school-based and employment-based learning have become more fluid. The social partners can help to create a structure-breaking renewal! Several results of our research also indicate that the socio-economic sector possesses a structure-breaking power. We won't elaborate on the numerous ifs and buts which are connected with this. We only remark that the discussion concerning the institutional composition of the broadened administration of the educational system was initiated at national level and that the interested parties there first develop their own organisation structure. Only after this is any attention paid to the administrative organisation in the regions. Following the Contact Centres for Education and Labour, a new structure is currently being dropped in the regions. It is traditionally expected of the social partners that they participate in the administration of the Regional Organ of the Apprenticeship System, the function of which has probably been hollowed out in the fifties and since. Do the regions not function too much as a plaything of the departments and umbrella organisations, and is the all too scarce manpower and know-how of the social partners not unnecessarily dispersed? There are other possibilities.<sup>3</sup>

Dercksen (1986) describes how in the fifties the Ministries of Education and Economic Affairs pursued purposeful and forceful regional policy, in which the distribution of employment opportunities and the restructuring of technical education went hand in hand. We observe that this policy has had more durable effects in Emmen and Drachten than in the one company town of Stadskanaal. As far as cohesion in, and broadening of policy is concerned, inspiration can be drawn from projects at European level, for example the project in which the European Centre for the Development of Vocational Training (Cedefop) participates and which is directed towards reanimating run-down industrial and rural areas. This is an example of community development in

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<sup>3</sup> In the present ahistorical and postmodern times, the holistic view of De Swaan (1989) is inspiring. He sketches among other things the development of social affairs and education, as well as the often close connection between these spheres, in historical and comparative perspective. He shows masterfully, en passant, how strongly anchored the welfare state is in societies such as ours, and how expansion and internationalisation progress almost inevitably. By the same token, he somewhat neglects the lighter and opposing tendency towards contraction, regionalisation, more pluriformity and the quest for a certain individuality and security.

On reading De Swaan's book, we wondered to what extent the people can cope with the so penetratingly described increasing interdependence and abstractness of social life, indeed to what extent they may take part in the "Zweidrittelgesellschaft". De Swaan is no Mannheim. No exhortation is given for active creative intervention, construction and reconstruction, although in our view the broached subject matter in principle invites and offers a pretext for this.

a newer and somewhat harder form, whereby attention is also given to culture in the narrow sense of that word.<sup>4</sup>

## 12.6 Reconstruction of the educational system is necessary

It is clear that something needs to be done in the domain of education and training. But what, and how? Is the diagnosis clear enough? Do we really know exactly what we are talking about?

Let us look once again closely at our object, the development and planning of educational facilities for people over the age of sixteen years, in particular upper-secondary and adjacent post-secondary education. If policy remains unchanged there exists the chance of a big bang, a threat that has been hanging for some time already, especially in thinly populated areas. Four or five sorts of educational establishments, including the newly created school type KMBO and the apprenticeship system, which is expanding with the support of the government, operate on a shrinking youth market. The adult market can perhaps offer some solace in the near future. However, an even greater number and broader range of establishments compete with each other on that market.

A languid mood is presently dominant within many education and training facilities. Not enough attention is being paid to objectives and internal coherence of programmes. Every establishment, within them every department or section, and every individual is preoccupied with 'surviving'. The entire climate breeds egoism and pedagogical corruption. The perspective is narrowed to the present moment, the own situation and a cynical and panic-stricken "You ask, we provide". Our research has revealed that some establishments, not always the worst and the weakest, proceed by contrast more autonomously and don't take much notice of the government (or the social partners).

Since the second half of the 1970's the accent in the duality between education and economics has shifted to the socio-economic side. The Ministry of Social Affairs (SZW) seems to be the winner, and Welfare and Culture (WVC) the loser. The Ministry of Education (O & W) has shifted in the direction of SZW and Economic Affairs (EZ). This general trend was confirmed in our MTO study.

The balance has probably been tipped too quickly and too far in the 1980's. The Wagner Commission, and the prelude and postlude surrounding it, have been the result, and partly the cause, of this turnabout. This commission on industrial policy involved itself only incidentally with education, originally more or less by accident. In the fifties, technical education was approached

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<sup>4</sup> For some time now greater decentralisations has been pursued in traditionally centralistic France. In the sphere of regional development and education and training, the social partners form emphatically part of the administration.

much more systematically and concretely by EZ and O & W. The high response in administrative circles is remarkable.

The commission adopted the principle view of top public servant De Keulenaar and favors a new style dual system, which means that the administrative structure of the apprenticeship system is also applied to all vocational education, including higher vocational education. University vocational courses were spared, although the position of assistant in training appears to be a step in that direction. The discussion has narrowed to one of primarily short-cycle vocational education (KMBO) versus the apprenticeship system (Geurts and Hövels, 1983 versus Van Imhoff, Ritzen, e.a. 1985).<sup>5</sup> The vague proposals concerning educational models of the commission and the lukewarm reaction from the North to the invitation by the government to initiate experiments in the apprenticeship system and vocational education gave in part an impulse to the BRN project.

The situation concerning the development of the administrative structure, the organisation and the content of education and training is complex and more problematic at the moment than is generally suggested. The traditional or classical form of the apprenticeship system is no longer possible without some alteration, the regular vocational education system is pursuing a closer association with work practice and the sector discussion is conducted differently in countries such as the FRG, England and Scandinavia than here (Santema, 1987).<sup>6</sup> Intermediate structures have also come into being (Van Wieringen, 1984; Kraayvanger and Van Onna, 1986) and Van Hoof (1987) indicates the segmentation processes on the labour market, of which the possible relation with differentiation of, and internal changes within secondary (vocational) education and training deserve further study. The well-known German labour market specialist Mertens was at an early stage aware of the importance of the pedagogical concept of identity. It is striking that in this time of flexibilisation and modulation Geurts (1989), for youth at the bottom end of society, reverts to vocation theories.

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<sup>5</sup> During this controversy between full-time vocational education (in this case KMBO) and the apprenticeship system the FNV, the largest Dutch employees' organisation, appeared to change its position several times. The Christian Peoples' Party, which is dominant in Dutch politics, also seemed momentarily perplexed when it was forced by way of a motion to choose sides for either the KMBO (the "traditional" educational umbrella organisations) or for the apprenticeship system (the social partners).

<sup>6</sup> It seems especially logical from the Netherlands' point of view to work together with the FRG, for example with the Bundesinstitut für Berufsbildung (and possibly also with the Central Institute for Vocational Education of the German Democratic Republic), the already mentioned group centred around Rauner and several other members of the Kommission für Berufs- und Wirtschaftspädagogik (Santema and Westerhuis, 1982; Santema, 1988). It is remarkable that we, with our tradition of full-time vocational education, are tending in the direction of the dual system, while the situation is exactly the reverse for our eastern neighbours. A certain convergence is thus visible. So far the differences are still dominant however, also in terms of the role of the social partners in vocationally-oriented education (see Streeck, 1987 and the other country studies in the same series).

It is in our view desirable to promote on one hand a discussion of first principles, a back to basics, a more fundamental theoretical approach, and on the other hand empirical studies deriving partly from a theoretical framework connected with the fundamentals, such as in the BRN project. In the latter case, helping to give shape to the part of the educational system concerned, also serves an important purpose. The historical and comparative method is important for both approaches.

In the first case it is appropriate to fall back on people such as Von Humboldt and Thorbecke, both of whom thought deeply over administration and education as well as over central concepts such as "general" and "particular". To obtain more insight into the development of the educational system as a whole, it is also interesting to observe how general (formative) education, vocational education and a regulated system of industrial courses such as the apprenticeship system over the years have been adopted in law. Furthermore, we have observed that, given the duality between education and economy/labour, it is possible to develop a greater number of more fundamental educational models than those offered by the Wagner Commission.

In the second case a "bottom-up" approach is used, on the basis of research and consultation in the region, linked to the local and regional situation and making use of the insights, buildingblocks and constructions obtained during the theoretical study. A fruitful exchange between the two approaches is in fact possible (see Santema, Maandag and Wichers, 1989 a and b).

In our view it is of great importance that thinking and acting should rise above the level of separate educational facilities and individual labour organisations and that the approach be more integral and problem oriented. It is striking that within the technical sector, which tends traditionally and by nature towards diversity and specialisation, there is a tendency visible to rise above subjects, departments, branches and sectors. The more abstract, sometimes new subjects/sections, like for instance process technology, appear to have an especially structure-breaking effect.

## **12.7 Towards a new approach**

At the conclusion of the report of the conference over Education and Business World in Regional Perspective we pleaded for model projects within a temporary free zone and above all for a particular strategy and philosophy. We are concerned here with the question "How to act?".

A number of measures have been taken or are being prepared at national level to improve the link between education and labour market: amongst other things a law for Sector Formation and Renewal of Secondary Vocational Education (SVM), the Introduction Framework Law for Adult Education (IKVE), the Cursory Vocational Education Law (WCBO) and some legislation concerning contract activities. The target is a strengthening of autonomy and scaling up of facilities, regionalisation/decentralisation and shared responsibility by the social partners, the education

system and the local governments. The planned Employment Services Law (WAV) is in this connection important, as a result of which these four parties are more directly involved in, and bear responsibility for the development of the regional educational infrastructure. The Rauwenhoff Commission is also important. Will it make a contribution towards the breaking down of bureaucratic structures and combatting an exaggerated Taylorism by the governmental administration, the umbrella organisations, firms and educational establishments? On this level, renewal of the content, organisation and administration of education and business world appear to have (possibly) a number of things in common in a learning society. The self-critical remark by the chairman, to the effect that firms are still often too production-oriented, is a hopeful sign.

We feel that smaller and larger model projects are needed where research and development are combined and where almost everything is possible as far as design is concerned. In other words, as far as administration and educational facilities is concerned, in principle the removal of horizontal and vertical boundaries. Furthermore, by combining creatively, gradual creation of a surplus value for reshufflings, linking up with more general trends and the more specific local and regional situation. Thereby challenging "higher" and "lower" governments and educational levels to cooperate more and grappling again in a concrete way with the old problem of the relationship between theory and practice. Applying various types of knowledge from the region and from the (inter)national level purposefully in exemplary projects. Honoring thereby specific roles, tasks and functions; attuning and integrating, but not unnecessarily sacrificing the specific and the particular.

We plead for gathering<sup>7</sup> at the regional level; also in some places in a more concentrated form within a free zone. A "forceful push" à la Thorbecke is namely once again needed, whereby the government doesn't temporarily (?) imply withdraw. On the contrary, the national level and the regions are going to need each other in the coming period. Learning processes of those involved in the regions can be speeded up by implementation of projects. A community college would fit in quite well in Emmen, for example, whereby the MTO is broadened and girls can flow more quickly to technical courses and other harder forms of education.

The strategy upon which we feel model projects should be based is in our view more important than the projects themselves. An open dynamic form of network planning is important, by which communication and information are guaranteed at the points where decisions are made and..... decision-making cannot clog up. For more refined development and planning of educational facilities the accent in the region will soon be placed on three relatively autonomous clusters, namely the local governments, the regional component of the Employment Services (ARBVO) and the educational field itself. By way of the social partners should of course also the apprenticeship system participate, and even too other forms of training in industry should (more or less voluntary) contribute to this proces. Cooperation within and between these clusters is desirable, certainly in a

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<sup>7</sup> "samenscholen"

part of the country such as the North Netherlands. A light, informal administrative construction seems therefore necessary, for example indirectly under the auspices of the Northern Development Society (NOM) and/or the North Netherlands Administration Commission (BCN). Such a construction should be expected to ensure optimal communications and information. In addition an incidental bonus ought to be able to be awarded for more positive forms of cooperation. This would give more real structural support for decentralisation at regional level.

## 12.8 Conclusions

Good education has a industry-renewing quality. Businesses/enterprises can in turn participate in educational innovation. We indicated the desirability and possibility of a more active utilisation of the "laboratory and buffer function" of the regions, also in service of national policy. We pleaded for joint broaching by the government, the regions, the organised business and non profit world and the world of education, of several more or less far-reaching model projects within a temporary free zone, in which a certain amount of re-integration, in a number of senses, is aimed for in various ways. International cooperation and joint financing can be expressly included in this plan.

The four parties at national level can thus stimulate the emancipation process of the education and training establishments, the social partners and the governments in the regions, challenge themselves concretely, and simultaneously provide a structural contribution to the reconstruction of substantial sections of our system of cultivation, education, schooling and training.



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