

The European Social Dialogue: Where Does It Stand Now? A Comparative Analysis of National & Supranational Corporatism*

SATOSHI NAKANO**

Department of Information and Business Studies
Toyohashi Sozo University

Since its formative era, supranational European social governance has evolved in close relationship with North European corporatism. The launch of the European social dialogue by Jacque Delors in 1985 was an indication that social integration would be pursued formally in terms of the corporatist method in which the representatives of capital and labour associations play a pivotal role. Nevertheless, some believe that the European social policy is largely disoriented because of the disturbances in the post-Fordist era of neocorporatism. This paper attempts to identify specific features of the European social dialogue by comparing it with and locating it among the changing contours of national corporatist systems, and explores its role with regard to economic regulation and social representation in the era of neoliberalism.

Keywords: EU, European Social Dialogue, Corporatism, Social Policy, Social Dimension, Labour Market.

I. INTRODUCTION

The launch of the European social dialogue by Jacque Delors in January 1985 heralded the commencement of the lagged efforts to create the social dimension of the integration or 'social Europe'. These two developments proceeded jointly. The social dialogue, which involved the cooperation of the European political organisation and the representatives of capital and labour associations, was given a pivotal role in the development of the social dimension and labour market regu-

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** Department of Information and Business Studies, Toyohashi Sozo University, Japan; Tel: +81-(0)50-2017-2234; Fax: +81-(0)532-55-0803; E-mail: nakano@sozo.ac.jp

lation in Europe. Within a period of around seven years, the social dialogue was integrated into the legislative processes of the European social policy formation. Nevertheless, the development of a full-fledged 'Euro-corporatist' system of 'governance by negotiation (Hollingworth and Boyer, 1997)', is said to have been hampered by both endogenous and exogenous factors: the weak institutional structure of interest intermediation and the supranational 'state', the breakdown of centralised wage bargaining in some countries, a diminishing role of Keynesian macro-economic management and an increasing recourse to the market. After some twenty years of experiences, where does the social dialogue currently stand? Is it neocorporatism in the making or a new mode of governance? In order to locate and evaluate the state of play of the European social dialogue, this article takes a step back in an attempt to place it within and compare it with the changing role of national corporatism in some European countries.

II. EVALUATING THE EUROPEAN SOCIAL DIALOGUE

1. A Short History

Although systems of political concertation such as the Economic and Social Committee (ESC) date from the formative years of the European Community, the history of the permanent European social dialogue may be tentatively divided into two periods demarcated by the landmark Maastricht social chapter.¹ In 1985, the Commission launched the social dialogue with European-level organisations of capital (*Union des confédérations de l'industrie et des employeurs d'Europe*: UNICE & *Centre européen des entreprises à participation publique*: CEEP) and labour (European Trade Union Confederation: ETUC) at Val Duchesse. The social dialogue in these years was informal and nonbinding; a practitioner recalls it to have been 'an apprenticeship for the social partners'.² The initial task of the Delors Commission from January 1985 to December 1994 was to overcome 'eurosclerosis' by fostering dynamism and competition in the common market. However, it also paved the way to the Lisbon strategy by asserting that economic growth would be a means to attain a 'social Europe' wherein all citizens benefit from affluence. As he remarked, 'You cannot fall in love with the single market' (Foden and Magnusson, 2003).

The social dialogue was substantiated towards the end of the 1980s and in 1992, it was integrated into the legislative processes of the European social policy (initially with the exception of Britain) by the Maastricht social chapter. In 1987, the Single European Act assigned the European Commission a role in fostering

¹ The ESC members represent three categories of interests: employers, workers and diverse interests. Its functional representation is indirect vis-à-vis interest associations (i.e. members are nominated as individuals by member governments and are appointed by the Council of Ministers) and 'it has accomplished very little' (Streeck and Schmitter, 1991). For the historical development and analyses of the European social dialogue, see, for example, Falker, 1998; Keller, 1999.

² Jean Lapeyre, then deputy general secretary of the ETUC (*European Industrial Relations Review*, No.336, January 2002).

the social dialogue. The Social Charter adopted in December 1989 was, according to a commentator, a 'declaration of principle and defines the European social model, which rests on the pillars of social Catholicism and social democracy that characterise European social values' (Dinan, 2000). Its preamble declares that the aim of the Charter is 'to consolidate the progress made in the social field through action by the Member States, the two sides of industry and the Community'. Further, Article 17 of the Charter defined the development controversial 'information, consultation and participation of workers', which sustain corporatist instruments at the micro-level, as the fundamental social rights of workers.

The agreement on social policy annexed to the Maastricht Treaty imposed on the Commission the obligation of two-stage consultation with the social partners in the legislative processes of social policy. It also stipulated that agreements at the Community level would be implemented in accordance with the 'procedures and practices specific to management and labour and the Member States' or 'by a Council decision on a proposal from the Commission', although this provision does not imply that the Council of Ministers is obliged to enforce a collective agreement that does not meet with its approval. The chapter also precluded pay, the right of association, and the right to strike or impose lockouts. Moreover, it placed social security, co-determination, employment creation, and so forth under unanimity voting. A series of talks between the social partners on works councils in multinational firms, which were carried out 'in the shadow of the law' (Bercuson, 1992), broke down after the second consultation and in 1994, the Council adopted the European Works Councils Directive. The first European collective agreement was made on the contentious parental leave issues in 1995, which was followed by part-time work in 1997, fixed-term contracts in 1999 and the sectoral agreements on working time in sea transport in 1998 and in civil aviation in 2000 (Kirton-Darling and Clauwaert, 2003). The agreements on working time in agriculture in 1997 and on telework in 2002 were implemented via the 'voluntary route', i.e. collective agreements at the national and sub-national levels.

The European Employment Strategy (EES) (the 'Luxembourg process'), which began in November 1997, was inspired by the macroeconomic policy coordination and multilateral surveillance set up in the Maastricht Treaty. It was necessitated by the progress of economic integration and the consequent invalidation of national employment policies (Goetschy, 2003 & 2005). In its policy content, it 'combined active labour-market policies along the lines of the Nordic welfare states with policy recommendation on tax and benefit system reform long preached by OECD neoclassical economists (Jacobsson and Schmid, 2003)'. With regard to its procedural aspects, the EES prescribed the involvement of the social partners at all stages of the process – a policy that dates back to the Florence European Council in the spring of 1996 (De la Porte and Pochet, 2003). The European social partners and the national partners were consulted on the content of the European Employment Guidelines (EEGs) and on the National Action Plans (NAPs) respectively. However, the involvement of the latter is said to be influenced particularly by the degree to which the national social partnership is institutionalised (Casey, 2005). The EES was also concerned with the monitoring and review of employment policy by the recommenced, tripartite Standing Com-

mittee on Employment.

In 1998, new sectoral social dialogue committees (SSDCs) were launched and in 1999, a macroeconomic dialogue (the 'Cologne process') that involved the Council, the Commission, the European Central Bank (ECB) and the social partners was established, which some considered as the 'high point of the Euro-Keynesian political approaches' in the neoliberal economic order (Schulten 2002).³ This was followed in March 2000 by the launch of the Lisbon strategy that integrated structural reforms, the EES, social protection and macroeconomic policies. The Commission's Communication and the social partners' Laeken declaration on its background, the Standing Committee was replaced by a Tripartite Social Summit for Growth and Employment in 2003. The Summit convened before the Spring European Council, at which both the EES and the Broad Economic Policy Guidelines (BEPGs) were discussed (Commission, 2002; ETUC, UNICE and CEPR, 2001).

Some Commission documents published after the completion (stage three) of the EMU in 1999 outlines the location of the social dialogue in the European polity. Following the publication in 2001 of a white paper on European governance, which mentioned a 'particular role and influence' of trade unions and employers' organisations in civil society, the Commission published a communication on the European social dialogue in 2002 (European Commission, 2001 & 2002). This document claimed that the attainment of the strategic goals of full employment and social cohesion that were set in Lisbon depended 'to a considerable extent on the action taken by the social partners at all levels'. Further, it stated that the social partners were best placed for the positive management of structural change, which reconciles the flexibility essential to business and the security needed by employees. It also explored the ways to strengthen the social dialogue prevailing at various levels (i.e. the European, national, local and company levels), in different forms (e.g. tripartite concertation, the sectoral social dialogue, the bipartite or *Val Duchesse* social dialogue) and in various functional terms (e.g. policy consultation, modernisation of industrial relations, monitoring and implementation). However, the emphasis appears to have been placed on strengthening the existing institution rather than on depicting or foreseeing the direction that the European social dialogue may take.

Many practitioners and politicians including R. Prodi, the then president of the Commission, perceived that processes such as the bipartite work programme that began in 2002 heralded a new era of the autonomous social dialogue in which particularly the employers adopted an active approach also in the social policy fields (UNICE, 2002). Some conceptualise this as the 'corporatist policy community' that has both an affinity with (e.g. a system of state involvement and partial delegation of public authority) and a difference from (e.g. narrower functional scope) the neocorporatism of the 1970s, although it does not, as such, pre-determine a more active European social policy in the future (Falkner, 1998).

³ Its aim entailed the 'coordination of economic policy and improvement of mutually supportive interaction between wage developments and monetary, budget and fiscal policy through macroeconomic dialogue aimed at preserving a non-inflationary growth dynamic (European Council, 1999)'.

2. Evaluation

There appears to be a common issue behind diverse research on the processes and outcomes of the European social dialogue: Where does the social dialogue ultimately lead? If, as many admit, the EU and the organised interests at the supranational level are moving towards a form of interest intermediation, what kind of system will it be? Will it be reminiscent of neocorporatism or a new system of governance?

In academic circles, some regard the EU institution as 'quasi-corporatism' that is constructed as a loose 'superstructure' of national systems and its 'soft' and 'decentralised' regulatory mechanisms may lead to supranational pluralism (Ebbinghaus, 1999; Keller, 1999; Keller and M. Bransbach, 2000; Streeck and Vitols, 1995). Above all, due to the disturbance in the post-Fordist era of the national neocorporatist systems in northern Europe, the European social policy is 'completely implicated in the general dislocation of the social model (Grahl and Teague, 1997; Teague, 2001)'. Others discern corporatist (sometimes neocorporatist) tendencies in the Euro-polity and explore the possibilities of the introduction of measures such as transnational wage regulation and macroeconomic policy coordination (Falkner, 1998; Gollbach and Schulten, 2000; Kirton-Darling and Clauwaert, 2003; Schulten, 2002).

Critics like Streeck, Schmitter and Keller considered that the 'evolutionary alternative to neoliberalism as a model for the European political economy is clearly not (German or Scandinavian) neocorporatism' and that the failure of Euro-corporatism could be explained by organisational, institutional and socio-economic factors (Streeck and Schmitter, 1991; Keller, 1999; Keller and Bransbach, 2000).

(1) *Weak associations*

There is an absence of institutional prerequisites for a 'corporatist policy community' – centralised supranational associations with an ability to bind their national rank-and-file to consensual commitments, and their integration into processes of implementation. At the European level, trade unions' organisational capacity is underdeveloped, which reflects the regional disparities in the condition of the labour markets. While capital is strongly represented in Brussels, the primary concern of lobbyists and trade associations is not labour market issues, but the protection and/or regulation of the product markets. European business, which has pursued a deliberate approach to European social policy, is in a position to simply refuse to transfer the authority of decision-making upwards from the national arenas, if they do not wish tripartite political bargaining in Brussels.

At the meso-level, at which most of the national collective bargaining takes place (except, for example, in the UK), employers' associations either do not exist or existing organisations are fragmented and lack both the resources and will for negotiation. On the employees' side, the European Industry Federations (EIFs) are regular members of the ETUC; however, they lack the resources and viable sec-

toral counterparts to bargain. The development of the sectoral social dialogue reflects the degree of internationalisation in the respective labour markets; thus, it was introduced in some sectors (e.g. agriculture, steel, construction, telecommunication and transport), but remained non-existent in the national core sectors which often act as a 'pattern-setter' in wage determination (e.g. engineering, chemicals and the public sector).

(2) Weak state

Insufficiently integrated associations are parallel to the intergovernmentalism of Europe's 'quasi-state'. A strong centrifugal centre in the form of the Council of Ministers 'halted any attempt by supranational bodies, especially the Commission and the Parliament, to cultivate a strong constituency of organised interests (Streeck and Schmitter, 1991)'. As mentioned above, the key issues of industrial relations are (practically) precluded from the competency of the European political organisation. The much-proclaimed method of governance, the open method of coordination (OMC) in employment and other policy fields, does not entail a transfer of decision-making authority and, thus, 'should not be used when legislative action under the Community method is possible (European Commission, 2001)'.

(3) Limited functions

The consequence is that political concertation in Brussels is 'too encapsulated and marginal to come close to a neocorporatist model of governance' which has historically involved labour market regulation in conjunction with fiscal and monetary policy. In social policy, its results are 'at least mixed quantitatively and disappointing qualitatively' and the 'lasting and opposing interests of the social partners will prevent far-reaching results also in the future' (Keller, 1999; Keller and Bransbach, 2000). The ECB is likely for a long time to be subject to deflationary, monetarist preferences and hence, the influences of macro-economic dialogue are even weaker than the social dialogue. At the European level, centralised collective bargaining is entirely missing. In national industrial relations, it was employer associations that forced the unions to unify their policies, but this is unlikely in Europe for the following two reasons. First, the interregional mobility of capital exceeds that of labour and centralisation would deprive of the competitive advantages of industrial relations. Second, the possibility of Europe-wide extension mechanisms which generalise politically collective agreements is dim. Wage coordination at the supranational level is further impeded by the mutual incompatibility (e.g. differences in the levels of wage setting) of existing national industrial relations systems.

(4) Decay of neocorporatism

The neocorporatist exercises of the 1970s and 1980s showed that their function

depended on the national institutional conditions and also that, because of the structural changes in economic and social conditions, it became increasingly untenable to sustain the policymaking system created under the postwar settlement. The effectiveness of the Keynesian expansionist policy, of which neocorporatism was a part, was significantly curtailed by the increasing interdependence of national economies. Market instability and volatility pressurised the firms to increase the flexibility of their product ranges, technologies and social organisation, which in turn resulted in the decentralisation of the wage determination and the employment regulation. The role of the unionised manual sector – particularly the metalworking sector that created corporatist compromises – has diminished, and as deregulation proceeds, collective bargaining at higher levels was increasingly perceived as an obstruction to industrial adjustment. The differentiation of the social structure created a range of post-industrial problems among which the class-based associations would be just one of the players. In this context, the decentralisation of wage determination in Sweden and Germany, for example, can be understood as distinct, yet homogeneous games of collective actors (Soskice, 1999).⁴

Nevertheless, with the exception of the UK, corporatist regulation has mostly been sustained among western European countries in the ‘post-neocorporatist’ era. This was, for example, manifested by a series of national social pacts in the late 1980s and early 1990s that were inspired by the Maastricht conversion criteria and the subsequent deflationary policy mix. Traxler considered that this was because the industrial relations systems had been independent from, or adapted to, the neoliberal, market-driven supply-side context of economic policy (Traxler, 2003). Unlike under the Keynesian regime, where wage moderation worked as a counter-inflationary device that sustains purchasing power or as a tool of solidaristic wage policy, it now functions as an element of new ‘competitive’ (or ‘supply-side’) corporatism that aims at lowering comparative labour costs, enhancing wage flexibility and anticipating inflationary deviation (Traxler et al., 2001).

He also pointed out that wage coordination had been upheld in economies where multi-employer bargaining was dominant, because it did have capabilities to exert macro-economic influences. Multi-employer bargaining in turn is sustained by strong trade unions and political ‘extension practices’. Since social structural factors have had negative influences on union density and have caused a legitimacy crisis, it is actually the quasi-public functions of interest intermediation that sustained the social system. If the existing compromises atrophy, it is ‘only a European compromise which can overcome the asymmetry between a supranational market and nationally fragmented industrial relations systems (Traxler, 2003)’.

The consultative and consensual social dialogue is also qualitatively different

⁴ The integration of advanced economies into international markets has increased the flexibility of action of companies and owners of capital vis-à-vis (relatively) immobile governments and labour. If the key actors – employers – wish to break away from the centrally coordinated wage determination, social democratic governments and trade unions have no choice but to accept the decentralised, coordinated system, if they preclude a change to the deregulated market economy. This was the ‘Swedish’ or ‘Danish’ game. In the ‘German’ game, the government attempted a partial deregulation of labour markets in the mid-1980s, whereas the business resisted this by threatening to withdraw cooperation from key institutions. This is because ‘collective business is necessary for the effective operation of technology transfer and vocational training’ in the coordinated market economy (Soskice, 1999).

from the traditional collective bargaining with a strike option. Thus, in spite of the European Commission's assertion that the 'social dialogue is rooted in the history of the European continent', some critics claim that it instead reflects specific practices of some European societies, particularly the *etatiste* policy concertation specific to the Franco-Belgian tradition (Shroeder and Weinert, 2004).

3. Operational Framework

Although the evaluation of the European social dialogue often rests upon the experiences of the national corporatist systems, an explicit comparison between the two has not been made. Such an attempt is of value because national corporatist systems which are diverse in their structure and function have also undergone substantial changes since the 1980s. This research attempts to re-examine the features of the European social dialogue in terms of four points (i.e. institution, wage coordination, policy concertation and historical changes) by locating it within the experiences of national corporatist structures at macro – and meso-levels that reflect variations of industrial relations systems.⁵ For the purpose of this 'phenomenal' comparison (as the top layer constitutes a part of national systems), functional criteria of corporatist participation are indexed here for the years between 1983 and 1998 (Table 1).⁶ Each category consists of scales which measure the functional scope, or *width*, and intensity, or *depth*, of bipartite or tripartite regulation. Research is based on secondary sources, publications and documents by the EU and national governments, and interviews at the European Commission and others. A supplementary study in terms of a qualitative questionnaire is at the stage of planning and the preliminary results are shown here.

TABLE 1. COMPONENTS OF CORPORATIST GOVERNANCE

Criteria and index values	
1. Macroeconomic wage coordination	
Existence of corporatist wage coordination	<i>1 for each year</i>
Intensity, measured by collective bargaining coverage in 1985/96 or the existence of an extension mechanism	<i>percentage</i>
2. Policy concertation	
Existence of tripartite negotiations and/or institution for social policy concertation	<i>1 for each year</i>
Wider functional scope including economic, monetary, industrial and regional policy	<i>.5 for each year</i>
Intensity, measured by the frequency of concertation	<i>.5 when sporadic or 1 when frequent</i>

⁵ In the following sections, six countries are mainly mentioned. The choice of France, Germany, Ireland, the Netherlands, Sweden and the UK reflects first, mainly corporatist societies and second one or two countries each from the 'Rhineland', 'Latin', 'Nordic' and 'Anglo-Irish' categories of industrial relations (Marginson et al., 1998; Marginson and K. Sisson, 1998). A similar analysis was also carried out for Austria, Denmark, Spain, and Italy.

⁶ Traxler, for example, showed that there is a statistically significant correlation between the bargaining mode (multi-employer vis-à-vis single employer bargaining) and the scope of union participation in non-wage issues of public policy in 20 OECD countries (Traxler, 2003).

(1) *Wage coordination*

Corporatist coordination as an intended undertaking aimed at making aggregate wage increases responsive to economic requirements such as price stability and employment growth and/or at attaining more equal, solidaristic income distribution (Traxler et al., 2001). The styles of corporatist governance may be used to identify the existence of such socio-economic purposes; if wage coordination is imposed or sponsored by the state, this preconditions such purposes. In other cases (particularly intra-associational wage coordination), it may be clarified through empirical research.⁷ The intensity or *depth* of corporatist wage regulation may relate to the average coverage of collective bargaining. Its value takes one if agreements are generalised by extension mechanisms.⁸ The trade union density in France, for example, was 10 per cent in 1995, whereas its collective bargaining coverage reached 95 per cent.

(2) *Policy concertation*

Following Berger and Compston, the term *policy concertation* is used here to denote the consultation and codetermination of public policy by the government, employer associations and trade unions (Berger and Compston, 2002).⁹ Although the 'European norm is for at least some components of social and employment policy to be codetermined by means of (tripartite) agreements', its scope, institutional arrangements and intensity differ substantially. In a wide-concertation country like Austria in the 1990s, multiple forums of social partnership dealt not only with social and employment policy, but also with social welfare, fiscal, mone-

⁷ Discussions do not accord if centralised interest intermediation is the key to corporatist governance. In so far as centralization implies the comprehensiveness and the intensity of wage regulation, it is so as often assumed in the neocorporatist thesis. But this is rather an empirical matter and in the 1990s most of 'corporatist' coordination took various forms of sectoral bargaining. In the classification of Traxler et al., *state-imposed coordination* means that wage restraint is forced by the state through statutory wage freezes, compulsory arbitration etc. In *state-sponsored coordination*, the state joins the bargaining process as a third party. The traditional neocorporatist arrangements are akin to *inter-associational coordination* where central-level agreements are concluded by the peak associations of unions and employers. The peaks of unions and/or employers may confine their activities to coordination of lower-level agreements (*intra-associational coordination*) or coordination may be exclusively performed by the bargaining units below peak level (*pattern bargaining*). In those countries that experienced 'disorganized decentralisation' (the UK, the USA, Canada, New Zealand etc), wage coordination was abandoned (Traxler et al., 2001, pp. 145-6).

⁸ Extension, enlargement and parvasiveness of extension must be taken into account (Ibid: 182, 196). Enlargement is less encompassing that it makes 'collective agreement binding on employers and employees in *certain* areas outside the agreement's domain'. Following ILO Recommendation No.91 of 1951, many countries introduced provisions for automatic extension. Among the countries under study, France has pervasive, and the Netherlands and Germany have moderate extension practices, but Sweden, Ireland and the UK are without notable practices, although Ireland has legal provisions for it.

⁹ Corporatist decision-making in western Europe is called in various ways, including 'social partnership' and/or 'social partner' (Austria, the UK after the early 1990s, Denmark, France, Germany, Ireland and the Netherlands), 'corporatist (sometimes with negative connotations of fascism)' or 'tripartite cooperation'. P. Schmitter suggested in the 1980s that the term 'concertation' should be used to refer to an 'institutionalised pattern of policy formation in which large interest groups cooperate with each other and with public authorities' (Berger and Compston, 2002, p. 3). Berger and Compston's definition of public policy excludes wage concertation.

tary and industrial policies, whereas Dutch corporatism has historically shown a stronger commitment to wage determination. In the UK, there existed no policy concertation since 1992. Functional scope is classified here into a simple category of narrow and wide. Its intensity is approximated by its frequency: whether it is 'regular and frequent' or 'episodic and sporadic'.¹⁰ The sum of each index is converted such that its value lies between the 0–1 range. Different institutional arrangements, such as tripartite negotiations, tripartite negotiations in committees for policy concertation and bipartite negotiations the results of which are implemented by the state, are mentioned in the text and appendix.

(3) Historical stability

The 'post-neocorporatist (or neoliberal)' period since the 1980s is divided into two subperiods (1983–90 and 1991–98) for a comparative purpose. In the processes of 'disorganised decentralisation', most of the non-European OECD countries and the UK (to some extent, including Japan) experienced the breakdown of coordinated wage policies (Crouch and Traxler, 1995; Traxler, 2003). However, trajectories in Europe were diverse and 'de-corporatisation' and corporatisation, and 'organised (or centrally co-ordinated) decentralisation' and functional transformation coexisted (Ferner and Hyman, 1998).

III. STRUCTURE AND FUNCTIONS OF CORPORATISM

1. National Corporatism

Corporatist systems show diversity in at least a few senses. Both macroeconomic wage coordination and non-wage policy concertation are their important elements, but they are not necessarily inseparable parts of a system. It is also a layered system that ranges from an institutional arrangement of workplace employee representation to the supranational dialogue. The functions of each layer show cross-national differences, which may be termed as *multi-level variation*. With the exception of the UK after 1980 and Sweden in the middle of the 1990s, coordinated wage bargaining has been sustained in all the countries under study (Table 2 and 3). On the other hand, among the six countries under study, only Ireland is classified under the category of the 'wide concertation' country with its scope covering economic policy, employment and active labour market policies, social welfare and regional policy (Table 4). Concertation is (was) frequent in Austria, Denmark, the Netherlands, Sweden until 1992 and Germany, but sporadic in France and Spain and did not revive in the UK even in the 1990s.

¹⁰ This classification follows that of Berger and Compston. Traxler's union participation in public policy index is based on institutional structure (influence on government and representation on corporatist boards) and scope (regional, occupational and active labour market, and R&D programmes and policies) (Traxler, 2003).

(1) *Sweden*

Since the 1980s, Swedish corporatism has undergone fundamental changes in the systems of both wage coordination and policy concertation. Centralised self-regulation (without state intervention) was the main feature of the Swedish model that dates back to the 1938 Saltsjöbaden Agreement. Centralised multi-employer negotiations between SAF and LO commenced in 1957. Although centralised bargaining was initiated by employers by linking wage movement not to individual companies' profits but to productivity gain of the economy as a whole, this also made a solidaristic wage policy possible. For LO, a solidaristic wage policy was a tool both to compress wage differentials and 'to reduce the risk of wage-dumping which tends to preserve non-rational production methods and concerns' (Schulten, 2002). Rehn and Meidner did show concern for the wage drift, that existed at the early stage of Swedish corporatism and became visible in the 1970s, but they also conceded that successful wage coordination could contain inflationary wage increases in high productivity sectors.

In the 1970s, a departure from the classic Swedish model became manifest when labour legislation was introduced on a massive scale (Kjellberg, 1998). LO's campaign for wage-earners' fund further strained the cooperative relationship between capital and labour. In the 1980s, an impetus for the decentralisation of wage negotiation came from employers striving for flexibility and productivity in the face of global competition. They claimed that central agreements that functioned as a 'floor' for wage increases did not satisfy the objective of wage restraint and showed two reasons for decentralisation: to allow greater wage differentials between export and sheltered industries and to use them as a tool of human resource management (Thörnqvist, 1999). Some believed that what really counted was rather political and ideological shift in society. This was because 'if the previous commitment to egalitarianism was weakened, it was no longer self-evident that a centralised wage setting system was better or fairer than a decentralised one (quoted from Thörnqvist, 1999)'. After the largest industrial conflict in Swedish history in 1980, the engineering employers' organization – VF – broke away from centralised bargaining in 1983, which was followed by SAF's announcement of withdrawal in 1990. Nevertheless, this did not lead to single-employer bargaining. Notwithstanding resistance from social democratic governments, the positions of neither employers nor unions were unanimous. On the premises of strong trade union presence and recurring wage drift, some coordination of bargaining appeared to be indispensable for most employers' associations.

Since the mid-1980s, sectoral bargaining by national industrial unions came to be mediated by governments whose concern about economic stabilisation augmented, thus creating a pattern of 'state-sponsored' wage coordination (Traxler et al., 2001). The Rhenberg Commission, a tripartite body convened to stabilise the labour market for the period 1991-1992, symbolised the era of state coordination of the conflict-ridden industrial relations. It created a proposed agreement based on a consensus on the desirability of wage restraint and coordination, but negotiations were accompanied by the threat of far-reaching state intervention in the event that the parties failed to comply (Kjellberg, 1998). In 1993, tripartite bar-

gaining succeeded in extending the stabilisation agreement for two more years in the midst of an economic crisis, but failed to do so in 1995 when the sectoral agreements remained uncoordinated. In 1997, negotiations on common principles for future wage negotiations began under the shadow of regulation, which brought about coordinated sectoral bargaining. This developed into new consultations between SAF, LO, TCO and SACO termed as the 'Alliance for Growth'.

TABLE 2. TYPES OF MACROECONOMIC WAGE COORDINATION

	1983-85	1986-90	1991-93	1994-96	1997-98
State-imposed	B, F	F	F	B, F	B, DK(1998), F
State-sponsored	DK, E, FIN, I, NL, S	B, DK, FIN, IRL, N, NL, S	B, DK, FIN, I, DK, IRL, N, NL, P, S	DK, I, IRL, N, NL	DK(1997), FIN, I, IRL, N, NL
Inter-associational	N	I			
Intra-associational	CH, IRL, P	CH, E, P	CH, E	E, P	E, P
Pattern bargaining	A, D	A, D	A, D	A, D	A, D, S(1998)
No coordination	UK	UK	UK	FIN, S, UK	S(1997), UK

Notes: A=Austria, B=Belgium, CH=Switzerland, D=Germany, DK=Denmark, E=Spain, F=France, FIN=Finland, I=Italy, IRL=Ireland, N=Norway, NL=Netherlands, P=Portugal, S=Sweden, UK=United Kingdom. Each value is calculated according to the formula shown in Table 1.

Source: F. Traxler et al., 2001, *National Labour Relations in Internationalized Markets*. Oxford: Oxford University Press. Table III.7.

TABLE 3. WAGE COORDINATION INDEX (EXISTENCE OF WAGE COORDINATION/ COVERAGE IN 1985, 90 AND 96)

	1983-85/ 1985	1986-90/ 1990	1991-93	1994-96/ 1996	1997-98
S	.92 (3/ .92)	(5/ .92)	(3/ -)	.58 (1=1994/ .92)	(1/ -)
NL	.76 (3/ .76)	(5/ .71)	(3/ -)	.82 (3/ .82)	(2/ -)
D ^a	.85 (3/ .85)	(5/ .86)	(3/ -)	.84 (3/ .84)	(2/ -)
F	.94 (3/ .94)	(5/ -)	(3/ -)	.95 (3/ .95=1995)	(2/ -)
UK	0 (.67/ 0)	(0/ .50)	(0/ -)	0 (0/ .37)	(0/ -)
IRL ^b	- (3/ -)	.51 (5/ .51)	(3/ -)	.46 (3/ .46)	(2/ -)
A	- (3/ -)	.99 (5/ .99)	(3/ -)	.99 (3/ .99)	(2/ -)
DK	.74 (3/ .74)	(5/ -)	(3/ -)	.69 (3/ .69)	(2/ -)
E	.72 (3/ .72)	(5/ .76)	(3/ -)	.83 (3/ .83)	(2/ -)
I ^b	(3/ -)	.40 (5/ .40)	(3/ -)	.38 (3/ .38)	(2/ -)

Notes: a West Germany; b There are no figures on bargaining coverage available and union density figures in 1990 and 1996, which are substantially lower than the coverage rate, are shown. Each value is calculated according to the formula shown in Table 1.

Source: F. Traxler et al., 2001, *National Labour Relations in Internationalized Markets*. Oxford: Oxford University Press. Table III.15. and II.11.; T. Schulten, 2005, 'Changes in national collective bargaining systems since 1990s', eironline (www.eiro.eirofound.ie/2005/03/study).

TABLE 4. POLICY CONCERTATION INDEX (EXISTENCE OF POLICY
CONCERTATION/ SCOPE/ FREQUENCY)

	1983-90	1991-97
S	1.0 (8/ 4/ 1)	.76 (7/ 1=1992/ 1)
NL	1.0 (8/ 4=SER consultation/ 1)	1.0 (7/ 3.5/ 1)
D ^a	.67 (8/ 0/ 1)	.67 (7=social security & pacts/ 0/ 1)
F	.29 (7/ 0/ .5)	.33 (7/ 0/ .5)
UK	0 (0/ 0/ 0)	0 (0/ 0/ 0)
IRL	.25 (4=no tripartism between 1981 and 86)/ 2/ .5)	.50 (7/ 3.5/ .5)
EU	.25 (6=Dialogue from 1985/ 0/ .5)	.67 (7/ 0/ 1)
A	1.0 (8/ 4/ 1)	1.0 (7/ 3.5/ 1)
DK	.67 (8/ 0/ 1)	.67 (7/ 0/ 1)
E	.08 (2=1983-4/ 0/ .5)	.14 (3=1994, 6 and 7/ 0/ .5)
I	.33 (8/ 0/ .5)	.33 (7/ 0/ .5)

Note: a West Germany.

Although the two sides of the corporatist governance – wage coordination and policy concertation – are not necessarily its integral parts, political concertation dwindled as the system of wage coordination became unstable. The process of ‘de-corporatisation’ was initiated by employers’ retreat. SAF intensified its campaign for neoliberal reform in the 1980s and withdrew from most of the public administration boards at the central, regional and local levels in 1992 (Kjellberg, 1998). After the removal by the Bildt government representation on the governing bodies of these boards, the Labour Court and the Pension Insurance Funds were the only remaining tripartite government bodies. Thereafter, the Labour Market Board comprised union officials from LO and TCO, un-nominated business representatives and members of parliament.

During the neocorporatist era, organised interests were represented in both the legislative and administrative processes (Fulcher, 2002). Their consultative functions at the top level were sustained by formal and informal institutions such as the ‘Thursday Club (1949-55)’, conferences lead to the ‘Harpund Democracy (1954-66)’ and the Economic Planning Council in the 1960s. These were purely consultative bodies and ‘no decisions were made and no planning really occurred’, but a consensus on market-oriented growth, rationalisation and wage restraint was shared by the parties. Legislation routinely involved consultation of interest associations in terms of investigative commissions and administrative agencies, whose governing bodies were composed of civil servants, *Riksdag* members and those nominated by interest organisations. This aimed at democratisation of public administrations (Pestoff, 2002). Incomes and labour market policies were largely delegated to the social partners and considered as a means to attain both full employment and price stability. The criticism that tripartite governance, which bypasses parliament, is undemocratic weakened as the corporatist political culture was established.

Nevertheless, the Swedish model was not immune to conflicts. The answer to the grass-roots discontent in the 1960s was greater industrial and economic democracy in the 1970s, which provoked a radical response from employers. The consensus on welfare capitalism broke down as the neoliberal political alternative strengthened. In the 1980s, governments tried to respond to the crisis both in terms of intervention and decentralisation. As the central bargaining collapsed, Social Democratic governments attempted to augment their control. In the field of concertation authority was transferred to local levels and additional legislation came to take the form of a 'framework'. The revival of encompassing corporatist governance in this field is still uncertain.

(2) *The Netherlands*

Functionally, the Dutch social partnership is a combination of three forms of cooperative bargaining (*social overleg*): consultation on social and economic policies; joint control and monitoring of social security and regional employment agencies; and joint monitoring of collective bargaining (Slomp, 2002). Institutionally, it rests on the bipartite Foundation of Labour (*Stichting*), the tripartite Social and Economic Council (SER) and the interplay of the two (Slomp, 2002). In the former, confederations negotiate to establish a framework for sectoral bargaining, monitor the bargaining processes, and control the agencies. The latter, a consultative body on economic and social policy, comprises a president appointed by the government, the presidents of the national bank and central planning bureau, and some experts. Ministers engage in negotiations with the Foundation at least biannually and sometimes provide assistance at committee meetings within the SER. Through the corporatist system, the representation and integration of as many interests as possible in social and economic decision making and the prevention of conflict have been sought. The principles of non-exclusion and non-conflict are juxtaposed with other types of political and social culture: a pluralist open market of lobbying for influence, in which representation is unequal and a matter of secrecy and a fighting culture in which sheer force counts.

The post-war pattern of wage determination in the Netherlands was autocratic in design, but in practice the social partners were closely involved in the wage-setting procedures through their representation in corporatist institutions (Hemerijck, 2002). The Ministry of Social Affairs sought to establish 'economically-permissible' wages in close cooperation with the bipartite Foundation of Labour (*Stichting van de Arbeid*), and its early law-wage strategy anticipated 'competitive' corporatism in the neoliberal era. A wage drift became manifest as the labour market tightened and free negotiations between the parties commenced in 1963. From the end of the 1960s, inflation accelerated and the economy weakened, while the welfare system expanded, thus leading to the 'Dutch disease'. The 1970 wages act allowed the Social Affairs and Employment minister to suspend an agreement after consultation with the Foundation. The government continually intervened in wage setting from 1973 to 1982 (Visser, 1998). In 1982, the centre-right Lubbers administration made it clear that it would no longer continue 'concertation without consensus' and bypass these corporatist apparatuses. It was

in this context that the Wassenaar Accord was reached.

The Accord, unlike a conventional corporatist social contract that stipulates binding wage guidelines and working conditions, aimed at halting unemployment, enhancing labour market flexibility and restoring the profitability of the industry through continuous wage restraint (Hemerijck, 2002). It combined wage restraint with a better allocation of existing employment through working-time reduction and part-time job creation. Unemployment dropped from 13 percent in 1983 to 4 percent in 1998, although the bulk of new jobs were part-time (Hemerijck and Visser, 2001). The 'Dutch miracle', which was attained through negotiated reform of 'supply-side corporatism', involved some novelties. The approach was geared more towards 'flexicurity' that accompanied decent levels of social protection for atypical (part-time and temporary) workers than towards flexibility through deregulation of the labour market.

A new relation appeared between the social partners and the state. The former played a role to relate sectoral bargaining to macroeconomic restraint, while the latter was responsible for the legal application of sectoral agreements.¹¹ Although the Accord was bipartite, the governments initiated the agreement by threatening to impose a combined price and wage freeze. State-sponsored coordination has been a norm since that time. The social history of policy concertation since 1982 also appears to show similar endeavours to explore corporatist answers to the neo-liberal agenda. If nothing else, the liberal (red-blue coalition) government in 1994 had a priority of 'more market and less government, more government and less concertation' (Slomp, 2002). They were less rooted in the corporatist system than the social democrats or the Christian democrats, and abolished the government obligation to ask SER advice on all major social and economic measures. The role of employers and trade unions in social security administration and employment services was reduced, but remained.

(3) *Germany*

Collective bargaining covers approximately 90 per cent of the employees in western Germany and has strict legal influence (Tuselmann and Heise, 2000). Tripartite coordination (*Konzertierte Aktion*), which dated from 1967, was replaced by pattern bargaining in 1977, where engineering agreements lead general pay settlements (Traxler, 2001). The leading agreements between IG Metal and Gesamtmetall are required to be in line with the inflation rate, economy-wide labour productivity growth and deflationary monetary policy, and applied relatively equally to other industries and regions through coordination by the DGB and the BDA. Solidaristic settlements at the micro-level have often been paid heed to. Although works councils are not allowed to negotiate on pay rates, their rights to consultation sometimes give them a limited redistributory role.

¹¹ The extension mechanism dates back to 1937 (Visser, 1998). In the 1990s, public debate has concentrated on mandatory extension of collective agreements. Despite the insistence of the OECD, the Ministry of Economic Affairs and neoliberal economists, employers and unions jointly defended extension in order to maintain collective regulation.

The German stakeholder model has been claimed wage increases below the cost-neutral margin of distribution, effective adjustments of companies to non-price competitive markets through diversified quality production and a post-Taylorist work organisation and long-term cooperative relationships among the companies and stakeholders in the industry (Soskice, 1999; Tuselmann and Heise, 2000). Nevertheless, this model has faced strain and pressure since the mid-1980s. The unification followed by tight labour market and increased labour cost, the recession between 1992 and 1993, the transfer of some operations to central Europe and stringent regulations of work practices were the alleged causes of rapid exacerbation of the economic situation, which the tripartite 'Alliance for Work (*Bündnis für Arbeit*)' failed to solve.

Since 1977, the tradition of tripartite policy concertation remained mainly in the informal framework of the Chancellor's bungalow discussions (Leaman, 2002). In the field of statutory social insurance, the administration of health, pensions, unemployment, accident and long-term care insurance is monitored by business and trade unions. The training system involves bilateral and trilateral consultative bodies at the central, local and enterprise levels. In the Labour Courts, a tripartite panel plays a role to achieve a consensual outcome prior to the formal judgement.

In the 1980s, increased public debt, social welfare spending and long-term unemployment led to similar labour market reform in many European countries, based on wage moderation, flexibility in the labour market and stronger employment incentives. Corporatist societies often opted for negotiated reform rather than unilateral deregulation. In Germany, this process commenced only after the unification in 1990, when informal concertation was resurrected. The 'Solidarity Pact' of 1993 was designed to accelerate the reconstruction of east Germany, and the social partners accepted emergency measures including the 7.5 percent surcharge on income taxes. 'Alliance for Work', which began under the Kohl government in 1996, was revived by the Schröder administration as a macro policy on wages, investment and working time. However, some considered its contents unsubstantial and attributed it, at least partly, to the style of the German social partnership organised at the sectoral level (Hassel, 2001).

(4) *France*

In France, the state has continuously instrumentalised public-sector pay-fixing and wage legislation (via increases in the statutory minimum wage) to set standards for the private sector (Traxler, 2001; Schulten, 2005). Formally, wages are negotiated through collective bargaining at either sector or company level, neither of which is dominant (Goetschy, 1998). In the early 1980s, the socialist government introduced a series of legislation known as the Auroux laws and structured the collective bargaining system by imposing that minimum pay rates, and pay and working time were to be negotiated annually at the industry and company levels respectively. Collective agreements can be extended by a ministerial decree to all companies within the same sector and geographical area or to all companies in the same sector but in different areas.

Tripartite concertation that involves peak associations of business and trade un-

ions is held on an ad hoc basis. One example of this is the 'social summits' held in the mid-1990s by the Juppé government to deal with unemployment and working hours. However, this type of consultation is underdeveloped and is more frequently used as a test to measure the strength of the opposition (Parsons, 2001). The tripartite Economic and Social Council and the Planning Commission comprise 'qualified individuals' nominated by interest associations and the government. Although their functions are consultative, there have been some attempts, including that by the Rocard government in the 1980s, to breathe new life into the institutions. In the postwar welfare state, social security funds, covering family allowances, sickness benefits, pensions and unemployment insurance, were also placed under the control of employers and trade unions. A weak and ideologically divided trade union movement made policy concertation difficult to attain and changes tend to emerge from the state.

(5) *The UK*

Despite the tradition of voluntarism, the tripartite regulation of incomes and prices was repeatedly attempted in the post-war regime. In 1962, the Conservative government set up the tripartite National Economic Development Council to discuss economic policy, which was followed by the National Board for Prices and Incomes instituted by the Labour government in 1966 (Edwards et al., 1998). The Social Contract of 1975-79 between the Labour government and the TUC represented the third phase. Designed as an exchange of tax concessions and other benefits in labour legislation for wage restraint, this arrangement proved unable to govern pay increases and assure social peace. This failure led the Thatcher government to dismantle organised industrial relations. Proposals on industrial democracy along the lines of Continental corporatism vanished.

During the neoliberal era of labour market deregulation, collective bargaining dwindled and single-employer bargaining increased, although this process began in the 1960s rather than 1980s (Edwards et al., 1998). In 1990, fifty percent of private sector employees were covered by collective bargaining, while mere ten percent were covered by multi-employer bargaining. Countervailing pressures of re-regulation emanated from Brussels (e.g. the collective redundancies, the working time and the European Works Councils directives), but the tension between domestic labour market policies and an EU social agenda led the government to reject the Social Charter in 1989 and 'opt-out' from the Maastricht 'social chapter'. Although the Blair government joined the social dimension of Europe, many doubt if the year 1997 was a turning point for British labour market policy and structure. Crouch considered, albeit tentatively, that the New Labour, with its support for the deregulation of the labour market, lobbyist culture and shareholder capitalism and its disfavour of the tripartite management of the economy, was rather akin to neoliberalism with social democratic compromises (Crouch, 2001).

Policy concertation in the UK followed the same trajectory. During the 1960s and the 1970s, both the Labour and Conservative governments sought a partnership with the TUC and the CBI (Dorey, 1998). Since the advent of the neoliberal

era in 1979, the influence of organised interests, particularly that of trade unions, on economic decision-making has been substantially reduced. Tripartite organisations experienced structural changes or invalidated. The National Economic Development Council, 'a symbol of a half-hearted corporatist past', was convened less frequently in the 1980s, and ultimately abolished in 1992. The National Enterprise Board was abolished, and the ACAS was no longer concerned to encourage 'collective' bargaining. The Manpower Services Commission reduced the proportion of labour representatives, and liaisons between the Conservative ministers and the TUC decreased. The rationales for 'de-corporatisation' were the governments' commitment to comprehensive supply-side reform and monetarism, and the malfunction of incomes policy in the 1970s. Since its election in 1997, the 'New Labour' did not change the situation. Although the TUC appealed to the Chancellor of the Exchequer to engage in a national social partnership – the term that came to be known in the UK only in the 1990s (Ferner and Hyman, 1998) – in order to develop a way to combine increases in real wages, low inflation and high employment rate. However, neither the ministers nor the employers shared such an opinion. There was social contract, national-level machinery, tripartite board or commission for pay negotiations. The Blair's approach, 'preoccupied with forging a historic alliance of liberalism with social democracy to marginalise conservatism (Dyson, 1999)', did not change the 'Westminster model' of governance (*vis-à-vis* functional representation) that is claimed to be accountable to the electorate.

(6) Ireland

Irish industrial relations is characterised by voluntarism and centralisation (von Prondzynski, 1998). There is little legal provision for industrial democracy, but unlike the UK, from the early 1970s, almost all pay agreements were either centrally negotiated or followed a general pay norm often based on agreements between the government and public service employees. The first national wages agreement was concluded in 1971 in response to a government threat to exercise statutory wage control, which was followed by a series of state-sponsored macro-coordination. But the national agreements broke down when the ICTU, urged from unions to realise their full bargaining power, vetoed the replacement of the 1978 agreement. The government's direct involvement in national negotiations with the social partners, termed as 'National Understanding', also failed and wage coordination between 1981 and 1987 assumed the form of pattern bargaining led by either the public sector or the first private sector that concluded agreements. During this period, public sector agreements were negotiated by the government and the ICTU.

In 1987, a centre-left government re-launched a national agreement entitled the Programme for National Recovery involving social partners and other interest organisations. Against a background of unemployment and budget deficit, the process of corporatisation was just another vehicle for achieving market control (Von Prondzynski, 1998). The Programme followed the previous agreements in its attempt to link wage moderation requirements in economic, employment and

social policy. However, unlike previous settlements, it provided guidelines for local bargaining. Although the Programme did not necessarily satisfy all the parties involved, the wage movement was more or less in line with the inflation rate, and strong manufacturing and export performance helped fulfil the employment target. This agreement was followed by a continued series of tripartite, three-year programmes.

Policy concertation developed substantially since the 1987-1990 Programme for National Recovery, which re-established centralised wage bargaining in Ireland, and a series of subsequent macro-level social pacts including the Programme for Economic and Social Progress (1991-1994), Programme for Competitiveness and Work (1994-1996) and Partnership 2000 (1997-2000). They followed a neo-corporatist method of development in the sense that pay being the 'glue' for the processes, they came to involve a wide range of economic and social policies, including tax reform, welfare payments, health spending, structural adjustment and adherence to the ERM and the Maastricht criteria (O'Donnell and Thomas, 2002). As the social pacts in other countries, wage discipline is identified as a means to attain a stable macroeconomic framework by increasing industrial competitiveness, reducing public deficit (through public sector payment) and sustaining employment growth (on condition of the central bank's monetarist measures). In so far as it accompanies social policy reforms, it would be best understood in the context of the readjustment of the welfare state (Hassel and Ebbinghaus, 2000).

A series of social pacts accompanied institutional development. The National Economic and Social Council established in 1973 played a pivotal role in the revival of policy concertation. Further, under the programme of 1987, a tripartite Central Review Committee was installed to oversee and monitor the implementation of the national agreement (O'Donnell and Thomas, 2002). This was followed in 1993 by the National and Economic Forum instituted to develop economic and social policy initiatives, which broadened participation in the deliberative process beyond traditional social partners, farmers and cooperative societies to encompass the 'social pillar' of community and voluntary organisations including those of women, youth, religious people, the unemployed and others. The emerging 'post-corporatist' governance, together with partnership initiatives at the local level, may reconfigure the relationship between representative and participative democracy at the national level.

2. National Corporatism and Supranational Concertation

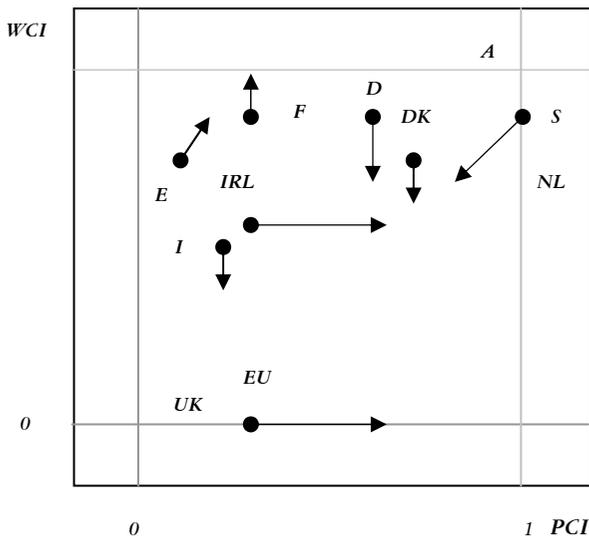
The approximate index values of corporatist participation based on wage coordination and policy concertation are shown in Figure 1. The corporatist functional features in the neocorporatist countries often dwindled in the 1980s and the 1990s ('de-corporatisation'). However, the trajectories of the less corporatist societies were diverse and sometimes showed 'corporatisation'. Such tendencies created by different socio-economic factors brought about 'convergence in the middle (i.e. decentralised wage coordination and narrow concertation)'. The European system was distinct in that it did not have any economic functions, but at least phe-

nomenally, it might be juxtaposed to a corporatist system in the making. Let us compare the two functional aspects of the corporatist governance among national and supranational arrangements.

Wage coordination remained as a functional ingredient in most traditional and new corporatist economies, although this is not true for the European social dialogue. Did its objectives and structure change? Neocorporatist coordination, which aimed at attaining macroeconomic stability by adjusting the wage movement to inflation or labour productivity, was sustained, but corporatist compromises were often renewed. In Sweden, the social objective of realising an equitable society through wage policy weakened even among the trade union circles, but a search for new solidaristic labour policy was started. Interaction between wage coordination and labour market reform was prominent in many societies including Germany, Ireland and the Netherlands. Irish and Danish agreements explicitly specified international competitiveness as the key to their objectives, although such an approach towards 'competitive corporatism' in the Netherlands dated as far as the 1950s.

Institutionally, the decentralisation of wage negotiation towards the meso level was continued. However, this did not necessarily result in a systematic transformation in the patterns of wage coordination. The corporatist economies such as Austria, Germany and Sweden followed the tradition of self-governance by social partners, but the cooperative involvement of the state became common. This is applicable to many countries including Denmark, Ireland, Italy, the Netherlands

FIGURE 1: HISTORICAL CHANGES IN CORPORATIST FUNCTIONS



Note: Index on wage coordination (WCI) and policy concentration (PCI) 1983-1990 & 1991-1998(1997 for policy concentration)

and Sweden, and the government played a leading role in France. The European situation in this regard differs from any of these, as the prime matters were not only the necessity or effectiveness of wage control, but the very existence of structural conditions including the integrated labour market and the availability of the means to control it. Although a few nascent forms of European collective bargaining have been identified (Marginson and Sisson, 1998), it remains to be seen if the current political initiatives might overcome such structural obstacles.

The European social dialogue as a concertation system was marked by developed institutional arrangements and stability, as well as the limited nature of its functional scope. These seem to derive from the political initiative (or the lack of it). National institutions for policy concertation may be classified into several categories. Bipartite consultation, reminiscent of the lobby, created tripartite agreements in the new corporatist societies, such as Ireland and Spain. Social interaction took the form of a series of bilateral talks between the government and the employers on the one hand and the trade unions on the other hand. In traditional corporatist societies, tripartite dialogues under the non-exclusion principle (and autonomous bipartite dialogues between the social partners) predominated. The latter is often related to the wage coordination processes and, in some countries, the accords are executed by the government. Policy concertation might be assisted by ad hoc tripartite negotiations, which might be flexible and unstable, but such systems at the top-level level often co-existed with institutionalised, permanent organs in many corporatist economies (see Appendix: Policy concertation in the 1990s).

In the neo-corporatist systems, concertation was also interwoven into the legislative and administrative processes in terms of the participation of social partners in parliamentary committees and administrative boards with wide jurisdiction in certain policy areas. The tripartite administration of some governing boards of administrative organs such as social security funds was also common. The origins of permanent organs are not necessarily historical and, in Spain, the establishment of the Social and Economic Council, a long overdue, permanent (albeit consultative) body, took place as late as the 1990s. Even in the case of 'corporatist' Denmark, permanent national and regional tripartite bodies that were built since the 1960s received substantial competency recognition only in the 1990s (Lucio, 2002; Mailand, 2002).

The European social dialogue is said to have acquired its own dynamics¹². Nevertheless, the neocorporatist heritage of the postwar welfare states may be discernible with regard to some institutional aspects; the politically-led social dialogue is interwoven into the legislative (and administrative) processes of the European social policy. The legislators do not have the option of bypassing it, and there exists the 'Maastricht extension mechanism' of collective agreements. It is highly institutionalised with its sound legal basis in the Treaty. A network of institutions for bipartite and tripartite dialogues has been developed over time, which compensates for its functional weakness. A formative and autonomous bipartite work programme is now in its second term. In view of the political environment

¹² An interview with Ms. K. Davenport from the European Commission (October 2003).

where de-corporatisation proceeded in the (ex-) neocorporatist societies and the ideological strife accompanied by the attempts to define and materialise supranational social rights in the late 1980s and the early 1990s, it is possible that such institutional features gave the European social model its basis, which is not merely symbolic.

In comparison with the national systems of concertation with collective bargaining as its background, one of the institutional problems of the European social dialogue which preceded the establishment of the European labour market is said to be its representational structure. Lack of remit and resources at the central level also reflects the diversity of national organizations. UNICE has attempted to fill the gap vis-à-vis union industry federations by convening regular meetings at the meso level, but their liaisons are not very strong. The gap between the social and civil dialogues appears to persist (Kirton-Darling and Clauwaert, 2003). On the other hand, there is convincing evidence that a sectoral agreement on the working time introduced by the voluntary route did contribute to improving the working conditions in Europe.

The European social dialogue now relates to supranational employment and macro economic policies, but its remit still rests on a part of social policy including health and safety at work, working conditions, information and consultation of workers, integration into the labour market and gender equality. Such circumscribed nature of the social dialogue differs from that of a narrow concertation system, as the former lacks in dynamism that relates wages to employment and market regulation that corporatist economies have often shown. In this context, we may recall that a series of innovative, corporatist labour market reforms in the 1980s and 1990s exhibited an integrated approach to a large extent. Such a process does not and cannot occur in the EU. The stability attained by the institutionalisation may be the other side of the coin. Considering the situation that the systems of national interests intermediation have been bypassed and not all national constitutions (seventeen out of twenty-five) guarantee the right to collective bargaining (Schulten, 2005), it is a positive aspect of the European arrangement. However, it is also stabilised due to the simple lack of legal competencies, particularly with regard to redistributive aspects, from the outset.

IV. TENTATIVE CONCLUSION

If one compares the functions of the European social dialogue with those of neocorporatism, it might fall short of 'quasi-' or 'demi-' corporatism. This would relate to the institutional structure of the related parties and the circumscribed scope of labour market control. On the supranational level, the interest associations are still weak, social dialogue in the core sectors is missing, the Commission's remit remains limited, supranational bargaining is merely at the stage of proposals and the legitimacy of corporatist decision-making has been challenged. Therefore, majority of the criticism raised in the early 1990s still appears to hold.

The economic and social environment that sustained the formation and func-

tion of neocorporatism has changed. But this certainly does not imply the end of corporatism¹³. Economic and social reformative functions of corporatism were demonstrated by the national social pacts and re-adjustment processes of the welfare states during the era of 'negative consensus' on economic policy. The European system is still in the process of making. Although many have criticised the idea that a supranational collective bargaining system would emerge through the social dialogue, there have been some distinct, yet interrelated moves toward its attainment (Schulten, 2002). Since the mid-1990s, European trade unions have endeavoured to coordinate national bargaining in order to counter the negative impacts of 'competitive' wage coordination. This culminated in the ETUC's guidelines, which seek a return to a productivity-oriented wage policy.

Marginson and Sisson consider that 'virtual collective bargaining' – rather than European collective bargaining – that determines pay and other substantive conditions is likely to emerge in the foreseeable future (Marginson and Sisson, 1998). This could depend either on 'framework agreements', which establish the parameters for negotiations at the lower levels, at the European interprofessional, sectoral or Euro-company levels or on 'arm's length' bargaining in which the outcomes of sector and enterprise bargaining are increasingly anticipated and coordinated across countries. The European Commission has made it clear in its Social Agenda for 2005-2010 that it would 'adopt a proposal designed to make it possible for the social partners (either at the enterprise level or the sectoral level) to formalise the nature and results of transnational collective bargaining' on an optional basis (European Commission, 2005). Whether such a proposal will be taken up by the sectoral parties that have the ability to coordinate their national affiliates remains to be seen.

Some national attempts to broaden the representational scope in the deliberation processes are also compelling as long as this enables dealing with a range of 'post-industrial' problems as well as augmenting the legitimacy of participative democracy. A new system of corporatist governance is required to improve representative democracy on which it is based. It is also a means to achieve the end of a new solidaristic market economy. The future of the European social dialogue and the social reality that it might create still remains to be seen.

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¹³ According to Traxler, 'state-sponsored wage coordination became more common than ever in the late 1980s and early 1990s at a time when it was fashionable to declare corporatism dead and gone (Traxler, 2001, p. 159)'.

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APPENDIX

POLICY CONCERTATION IN THE 1990s

Country	Main Fora	Policy Areas and Features
Sweden	Labour Market Board Labour Court and Pension insurance funds	Labour market policy and social security (pensions)
The Netherlands	Social and Economic Council (tripartite concertation on economic and social policy) Foundation of Labour (bipartite wage coordination and employment conditions)	Consultation on economic and social policy, control and monitoring of social security and regional employment agencies, monitoring of wage coordination
Germany	Tripartite concertation (various social pacts) Social security funds	Tripartite monitoring of social security funds, control of training and Labour Courts
France	Economic and Social Council and Planning Commissions Tripartite concertation (social summit) Social security funds	Consultation on economic and social policy, control of social security funds and training
Ireland	Tripartite concertation National Economic and Social Council (tripartite concertation on economic and social policy) Central Review Committee (monitoring of national agreements) National Economic and Social Forum ('community' concertation to develop economic and social policy initiatives)	Social pacts (wage moderation combined with fiscal compensation and other measures including tax reform, social security, employment policy, labour market policy and regional policy)
Austria	Tripartite concertation Parity Commission (wages and prices until 1991, consultation on economic policy) Bipartite negotiations (incomes policy and autonomous social and economic policy) Parliamentary commissions Informal negotiations	Social policy, employment policy, social security, training, labour law, fiscal policy, monetary policy, investment policy, industrial policy and EU issues
Denmark	Temporary pre-legislative committees, parliamentary tripartite committees and regional policy implementation boards (labour market policy) Working environment council	Labour market policy (employment creation, training), social security (unemployment insurance) and work environment
Spain	Tripartite concertation Social and Economic Council (tripartite consultation)	Employment law and social security
Italy	Tripartite concertation Social security agencies	Taxation, expenditure (pensions) and labour law
EU (macro-level)	Social Dialogue Committee (bipartite forum with working groups on macro-economic, employment/labour market and sectoral social dialogue) Liaison Forum (for informing and consulting both cross-industry and sectoral social partners) Social Dialogue Summit (Val Duchesse dialogue to give an impetus) Social Summit for Growth and Employment (tripartite forum that acts as a bridge between macro-economic, employment, social protection, and education and training dialogues)	Social policy (working environment, working conditions, information and consultation of employees, integration into the labour market and gender equality)

source: Permanent fora (remits): S. Berger and H. Compston ed., 2002, *Policy Concertation and Social Partnership in Western Europe: Lessons for the 21st Century*, Berghahn Books: New York; EU homepage (europa.eu.int/comm/employment_social/social_dialogue/bg_en.htm).

the case of European social dialogue, dependence on the European institutions to implement the outcome of negotiations via a Directive at the same time implies autonomy for the European social partners in relation to their national affiliates in order to realise implementation. The autonomy the European social partners attain through taking responsibility for implementing the agreements they conclude at the same time increases their dependence on their national affiliates. For instance, national affiliates which were reluctant to agree a mandate for a given negotiation are now also in a positi