

## **“Social Dialogue after the Crisis?”**

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Panel 4D: Domestic Politics and the Eurozone Crisis

### Abstract

National responses to the global financial crisis have varied among EU member states since 2008, but a significant amount of study has been directed at the strategies of domestic governments and the degree of inclusion of domestic social partners – namely, unions and employer associations – in attending to the aftermath of the crisis. Many EU Member States have employed national social pacts, or other tripartite forms of negotiation, as a prominent strategy for dealing with an economic climate of increased austerity. To what extent might we expect to see parallel developments at the supranational level? At the European level, the EU employs its own form of social dialogue, and has, since the 1992 Maastricht Treaty, emphasized the inclusion of peak-level federations in the development of certain EU policies. This paper examines the strategies available to the major EU-level social partners since 2008 to analyze whether the supranational level has offered a similar trajectory of social dialogue to the national counterparts. The working hypothesis for this paper is that despite the fundamental differences between the national and supranational levels in economic policymaking, the EU has increased its reliance on bipartite and tripartite mechanisms in order to strengthen the social and political dimension of EMU.

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## Introduction

Europe is home to a variety of types of industrial relations, ranging from the more formalized neo-corporatist arrangements of Austria to the more competitive pluralist arrangement of the UK. The advent of substantial activity at the supranational level relating to the inclusion and consultation of organized interests creates an additional dynamic to account for. Among the member states of the European Union (EU), there are numerous examples of countries utilizing formal methods of concertation;<sup>1</sup> either to enter into the EU's Economic and Monetary Union (EMU) in the second half of the 1990s, or, more recently, to deal with the economic effects of the global financial crisis beginning in 2008. These instances of concertation include bipartite (between employers and unions only) and tripartite (employers, unions, and government) forms of negotiations. They also include examples of countries introducing concertation as a new strategy, deliberately adopted to deal with the criteria and constraints of EMU, as well as examples of countries extending their existing use of concertative methods for either entry into EMU or for the various forms of sovereign debt crises.

The research question for this paper is whether any parallel developments have taken place at the EU-level of concertation. Although the supranational level of governance is not the equivalent of a domestic government, and consequently does not always provide a concrete example of industrial relations, the advent and development of 'Social Dialogue' within EU policymaking still provides an important example of negotiation among foundational interests in relation to economic and social policies. The evolution of EU Social Dialogue, as well as the substance of the content it is used for, broadly mimics some of the more formalized forms of industrial relations found in the Western industrialized democracies of continental Europe. In

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<sup>1</sup> Concertation here refers to the process of negotiating reform among the key representatives of labour and industry, and sometimes government.

addition, the advent of the EU's Single Market – arguably one of the EU's more visible and most successful achievements – and the corresponding EMU have together instigated numerous pressures that affect civil society. This directly encourages the perceived need for negotiation at the supranational level, either because the area of competency covered by EU governance logically necessitates the involvement of key interests, or because the growth of EU institutions offers a new and important strategic opportunity in general for those same interests. The hypothesis for this paper is thus: given the conditions of EMU, the growth and action of EU-level social partners, and the recent set of economic crises affecting EU member states, as well as the established instances of concertation at the national level becoming a common domestic tool for economic problems, one could expect to see a similar development at the supranational level. Such a development might comprise newer forms of 'social pacts' or long-term agreements between major interests, and/or enhanced use of Social Dialogue in areas not previously covered within 'Social Europe', such as wage-setting instruments for Euro-companies or collective public welfare instruments. The argument for this paper, based on reviews of official documents, previous literature, and news sources, is that while EU actors and institutions have given a good deal of attention to the European Social Model and the Europe 2020 strategy, the actual breadth of EU-level Social Dialogue remains limited in scope and action. The recent surge in attention to EU Social Dialogue is arguably because organized interests at the supranational level represent a proxy, albeit an insufficient one, for the political integration that has not yet arisen to complement the monetary integration of EMU. The *lack* of translation from good intentions to action in the realm of EU-level industrial relations is in large part due to the uneven commitment from labour and industry towards the perceived utility of the EU-level; the European Trade Union Confederation (ETUC) asserting the appropriateness of the EU-level for further policy-

making, and BusinessEurope (BE) preferring more flexibility in design and implementation (ETUC 2013; BusinessEurope 2013).

The significance of this argument is in two areas: the potential for deeper political integration in the Union through a non-domestic form of industrial relations, and the idea that negotiated reform at the supranational level might help to find a solution out of the financial crisis that speaks to the Single Market, rather than to multiple domestic economies. The paper begins with a brief overview of Social Dialogue in the EU, followed by a brief overview of national examples of concertation as a post-crisis economic tool. The next section examines recent developments at the EU level among the major European Social Partners to attend to the above hypothesis. The conclusion offers implications for further developments, hypotheses, and research.

#### A brief overview of EU Social Dialogue

The Val Duchesse initiative in 1985 launched a bipartite social dialogue that started to become a forum for negotiation on a European level. This produced declarations and opinions from the social partners, but without yet any binding power. The Maastricht Treaty of 1992 allowed agreements negotiated by the social partners to potentially be given legal force through a Council decision, which would then have to be integrated into the legislation of each Member State, or through an 'autonomous' agreement, whereby the social partners themselves take responsibility for implementing measures at national, sectoral and enterprise level. Council decisions – also known as directives – become a part of EU law. Since Maastricht, European social dialogue has grown in independence and autonomy, as well as in scope. Cross-sectoral

dialogue involves the main European-level organized interests<sup>2</sup>, while sectoral dialogue involves sector-specific European social partners along with some of their national analogues. The Commission has placed increasing emphasis on the European sectoral social dialogue since the Maastricht Treaty, stating that social dialogue at the sectoral level “is the proper level for discussion on many issues linked to employment, working conditions, vocational training, industrial change, the knowledge society, demographic patterns, enlargement and globalization” (EU Commission Communication 2002). This emphasis has resulted in 40 sectoral social dialogue committees which have produced more than 500 texts and seven binding agreements (Eurofound 2011, p.5).

The Lisbon Treaty contains key articles addressing the protocol for the role of the European social partners. Article 152 states: “The Union recognizes and promotes the role of the social partners at its level, taking into account the diversity of national systems. It shall facilitate dialogue between the social partners, respecting their autonomy.” Article 153 outlines the areas that the EU supports and complements the activities of member states, including (but not limited to) the protection of working conditions, social security and the social protection of workers, the information and consultation of workers, and the representation and collective defense of the interests of workers and employers. The Union is *not* allowed to engage in co-determination in areas dealing with issues of pay, right of association, right to strike and lock-outs. Articles 154 and 155 outline the procedure for social partners (Lisbon Treaty 2012). The Commission is responsible for promoting consultation of management and labour at EU level and helps facilitate dialogue that ensures balanced support for parties. ‘Facilitation’ primarily consists of creating working groups and providing technical/financial assistance “deemed necessary to

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<sup>2</sup> Including, but not limited to, ETUC (European Trade Union Confederation), BE (BusinessEurope), CEEP (European Centre of Employers and Enterprises offering Public Services), and UEAPME (European Association of Craft, Small and Medium-sized Enterprises).

underpin the dialogue,” (EU Commission 1993). The funding comes under the rubric of “capacity-building” through the European Social Fund or through direct Commission initiatives on social dialogue and European industrial relations.

A key facet of the organization of European social dialogue concerns the organizational context of worker and employer relations. The collective organization of these interests has given rise to what is widely referred to as the “social partnership model”, which generally moves beyond a very narrow conception of the employment relationship as a function of the labour market and towards a consideration of work in a broader, social context.<sup>3</sup> The organizational structure of workers into trade unions is highly centralized at the European level and sectoral organization is very strong – similar to the trade union organization of countries such as Austria or Germany, where one finds the existence of a few strong trade unions that are organized along industry sectors. In doing so, the Commission directly demonstrated a preference for centralized organization, presumably because the centralization of key interests provides an important mechanism for undertaking effective social dialogue which streamlines the opinions of representative social partners into general categories and removes some of the more competitive aspects of a more pluralistic style of interest representation (where more random lobbying tends to be more the norm than formalized social dialogue mechanisms).

This brief history shows that the level of EU involvement in domestic matters pertaining to social policy, employment policy, and labour-related policies has grown correspondingly with

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<sup>3</sup> See here Gollan and Patmore (2002, 218-219), who point to the incorporation of employee democracy into law and the assignment of both economic and social functions to participants in a business enterprise as being key features of the social partnership model. ‘Employee democracy’ focuses on the rights of workers in a contemporary business setting, and as such is distinct from the industrial democracy sometimes advocated by social democrats in the immediate post-WWII era, which advocated a broader conception of rights to social welfare programs at large. Other authors define the European social partnership model as the basic co-determination of EU policy by means of agreements struck between EU institutions and European-level employer organizations and trade union confederations (Compston 2001, 1).

the growth of EU institutions and EU areas of regulation as a whole. To speak of a specifically European form of industrial relations that is a direct result of EU governance is a stretch, or at least an oversimplification. However, the influence of EU governance upon employer-worker relations in member states, along with the influence of member state practices into the wider body of EU regulation, has nudged member states closer toward an EU system of employment and industrial relations, in that both the form and process of industrial relations at country level and supranational level has begun to mirror each other more and more over recent years.

Eurofound, in December 2011 states:

“Without any doubt the influence of the European Union in the field of employment and industrial relations has assumed greater importance since the mid-1980s than in the decades before. This is mainly due to three factors. The first was the idea of a European type of capitalism which includes a specific social model and the idea of a ‘social dimension’ of European policies that was adopted by the European Commission in the mid-1980s. The second factor was the move towards a common currency and more liberalized markets within the EU since the 1990s, which led to attempts to improve the coordination of economic and social policies among EU Member States across a whole range of issues. And the third factor was an increasing pressure from different actors of what is now being called the ‘civil society’ to have their positions being taken into account at European level.” (Eurofound, 2011, p.1)

The relevance of European social dialogue to Europeanization is that the increasing autonomy of the social partners in a bipartite framework complements the strategy behind European social policies to rely more on “soft” law (process-oriented texts, joint opinions and tools, implementation by social partners) than on “hard” law (directives). This is parallel to what Gerda Falkner’s describes as European social dialogue acting in the “shadow” of law; not only does a reliance on autonomous social dialogue provide an organized legitimization of output democracy (Schmidt 2002), given that the actors involved in the dialogue are non-governmental and unattached to major EU institutions, but it also offers a non-threatening mechanism for suggested practice (Falkner 2000, 709; Bercusson 1992, 105). Texts, opinions and joint tools are non-binding and without the enforcement instruments of directives. They are also attractive tools to

use for accounting for diversity in and among various interest groups and member states, as outputs that remain in the 'shadow' of EU law can be adopted (or not) with a large amount of nuance. The direct adaptational pressure extenuating from the Single Market places a fair amount of *indirect* adaptational pressure on divergent domestic systems of political economy, particularly those which come into contact within the parameters of the Single Market.

The above timeline highlights some of the more significant developments in the evolution of EU social dialogue: the Maastricht rule that obliges the Commission to consult the social partners on any labour market issue; the expectation that social partners will undertake their dialogue in a bipartite, autonomous manner; and the creation of joint work programmes in 2003, which requires the Commission to consult the social partners during initial propositions. The importance of this is not simply because EU Social Dialogue offers a visible example of industrial relations existing above the domestic level. It is also because the structure of Social Dialogue offers myriad access points outside of national political contexts for civil society representatives, and in doing so, creates the potential for problem-solving mechanisms to mirror the integration already achieved by the Single Market and EMU.

#### Social Dialogue at the National Level

There has been a large amount of coverage on the effects of financial crisis on the industrial relations of EU members. In general, the immediate pressures of financial crisis are visible in reduced employment, benefits, and public services, an increase in unilateral decision-making by governments on issues affecting the public sector, and the increasing decentralization of collective bargaining to the company level (Guyet et al 2011, 2). Economic cutbacks in areas such as pensions and employment rates in the public sector have been some of the most visible



aftershocks of the global financial crisis, particularly in those EU states that suffered a corresponding sovereign debt crisis. For social partners, the crisis presented challenges concerning the need to respond and adapt quickly to changing economic circumstances while maintaining an active labour force. For businesses and employers, this predominantly means the need to reduce costs and raise efficiency in order to survive. For unions, this means securing the rights and protections of workers in an increasingly austere environment. Trade unions undoubtedly have the more difficult road in this challenge, as for most working environments the goal of protecting workers comes at direct odds with cost-cutting measures in the short term: “In most countries, unions had two contrasting roles to play: they were the social peacekeepers in the private sector, reducing the number of strikes at company level and persuading workers to take a pragmatic view of cost-cutting measures; in the public sector, however, they were often the coordinators of strong and widespread opposition to governments’ austerity measures,” (Ibid).

The logic of institutional path-dependence holds that actors, institutions and policies are resistant to significant change once they are entrenched into established political routines. This is potentially mediated, however, by large-scale events, such as crises, natural disasters, war, etc., which could plausibly trigger *path-breaks* (Pierson 2002; Thelen 2004). The global financial crisis and related sovereign debt crisis within Europe constitute a plausible large-scale event that could trigger change, not in the least due to the amount of job losses and falling export levels since 2008. Literature shows that despite the economic shocks of the crisis, the national political context in which domestic industrial relations operates played an enormous role in conditioning the role of the social partners and the process of social dialogue in different member states (Avdagic et al 2011). On the whole, “the crisis did not create an evolutionary environment in which the actors were able to innovate and to establish new forms of social dialogue. Equally,

the crisis did not prevent the creation of innovative outcomes. A number of short- and long-term solutions were introduced in countries where they had never been tried before, such as the implementation of short time working for the first time in nine Member States,” (Guyet et al 2011, 1).

In terms of actual data on social dialogue in EU Member States post-crisis, evidence thus far can be broken up into two categories: notable *results*, meaning areas where tangible solutions were devised that marked a visible departure from previous policies already in place; and notable *processes*, meaning visible developments in *how* social partners interacted either with each other or with the government, irrespective of what the results or outcomes of that interaction may have been. It should be noted that the social partners are not alone in this process, as some Member States utilize tripartite negotiation as much as, if not more than, bipartite (autonomous) negotiation. Guyet et al (2011, 1) state: “A key determinant in the success or failure of social dialogue is the extent to which government lends its support to the process and the degree to which relationships between the actors, pre-crisis, were coherent and legitimized...Overall there appears to be a converging trend in Europe which demonstrates that the social partners were either invited by their governments to participate in discussions or even invited by their governments to launch their own specific initiatives.”

In terms of results, there are two developments that indicate substantial social partner activity: national collective agreements,<sup>4</sup> and agreements on short-time work. Attempts at national collective agreements occurred in all EU member states; *first-time success* in concluding these collective agreements occurred in Bulgaria (two agreements signed into law in November 2010), Estonia (tripartite agreement signed in March 2009), Latvia (tripartite agreement signed in

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<sup>4</sup> National collective agreements can also referred to economic recovery programs, signed social pacts, legislation, etc., and generally entail wage-setting instruments, worker retraining programs, and compromises between economic efficiency and worker protections.

June 2009), and Lithuania (national agreement in economic and social policies signed in October 2009) (Guardiancich 2012; Guyet et al 2011, 21-27). *Significant success*, meaning either large-scale plans or frameworks established in the face of difficult internal politics, occurred in the Netherlands (bipartite and tripartite negotiations resulting in a government-funded, Part-Time Unemployment Benefit (PTUB) in March 2009), Poland ('anti-crisis' package signed in early 2010 despite high tensions), and Spain (three-year framework agreement concluded in late 2010 after heavy deadlock between social partners) (Ibid). Other countries offer examples of either *anticipated success*, meaning such countries already had a strong institutionalized social partnership component to policy-making and were thus able to implement various forms of recovery programs with minimal challenges (Austria, Denmark, Germany); or examples of anticipated difficulty in reaching consensus or in implementing agreements (Greece, Italy) (Ibid). *Significant counter-examples*, arguably, include Belgium and Ireland, each with substantial histories of strong social dialogue yet each experiencing extreme tensions between social partners before finally arriving at diverse forms of cross-sector collective agreements (Ibid).

Agreements on short-time work represent another area of a notable *result* coming out of social partnership arrangements. Short-time work entails a reduction in working hours to reduce costs for employers and undertakings in exchange for unemployment benefits that cover a percentage of wages lost for the employees; this was a proposed policy suggestion arising out of the European Social Model in 2011. In more than half of EU countries (Belgium, the Netherlands, France, Spain, Poland, Estonia, Latvia, Lithuania, Bulgaria, the Czech Republic, Slovakia, Germany, Luxembourg, Slovenia, Italy, Austria, Denmark and Finland), the national employers' and trade union federations signed specific agreements, either among themselves or with the government on short-time working schemes. In Poland, Estonia, Latvia, Lithuania, the

Czech Republic and Slovakia, “the crisis led for the first time to such social partner agreements at national cross-industry level. In many of these countries, industrial conflict emerged in response to the idea of short-time work as a strategy to deal with crisis,” (European Commission 2011). This strategy offers a key example of social dialogue being employed to negotiate alternatives to massive layoffs during the economic downturn.

Changes in the *processes* of domestic industrial relations are harder to pinpoint. Generally, reviews of national social dialogue find that in countries where social partnership was already institutionalized as a form of policy-making, government responses to economic recovery were quick to rely on well-established patterns of autonomous negotiation between major social partners. By contrast, in countries where social dialogue was less formalized and/or where social partners themselves were more fragmented or internally divisive, government prescriptions toward public finances and policies related to labour market mechanisms were generally more unilateral and less inclusive of major organized interests (Guardiancich 2012; Guyet et al 2011). There are several areas of overlap here: those countries that experienced the most dramatic sovereign debt crises (Greece, Italy, Spain) are also those that have fragmented trade unions with strong partisan loyalties, and that have in the past relied mostly on social dialogue in an ad hoc manner rather than in a legalistic or formalized manner.<sup>5</sup> Process-change as a response to crisis, then, remains relatively path-dependent. One notable development is the weakening of the position of labour in response to the crisis. While the decline of trade union membership is a long-term ongoing phenomenon (Bryson et al 2011), the decline of the labour position as a *whole* is marked in the post-global financial crisis atmosphere of austerity.

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<sup>5</sup> See here reports made by the European Industrial Relations Observatory on-line (EIROOnline), a component of Eurofound, which makes frequent reports by country, social partner, and level (sectoral, national, supranational). Eurofound>EIROOnline>Comparative Information>Developments in social partners organisations; employer organisations: <http://www.eurofound.europa.eu/eiro/studies/tn0910049s/index.htm>.

Economic crisis and austerity responses have sharpened the issue of worker protections and worker benefits as costly to companies and employers during periods of attempted recovery, and the climate of unemployment and welfare retrenchment has left little leverage with which unions can negotiate. This is critical to consider as affecting the systemic quality of domestic industrial relations – when labour is significantly weakened, the balance of bargaining and negotiated reform is thrown off, and eventually the underlying legitimacy of social partnership could be heavily reduced.

Taken together, national-level responses from governments and social partners toward the financial debt crisis and related sovereign debt crises indicate movement toward increased reliance on social dialogue as a tool for economic and social policymaking, even if not consistent across all cases. While not surprising, the overall trend is notable because it indicates that economic crises are more likely to trigger governments to engage with the process of social dialogue than to encourage unilateral government action as a singular response in EU Member States.

#### EU Social Partners, post-crisis

The brief summary of national responses and strategies to economic crises illustrates how common tools of industrial relations systems – including, but not limited to, collective bargaining, short-term or mid-term social pacts, and a trend toward decentralized bargaining – are being increasingly utilized as a visible tool to maneuver through periods of low growth or decline. The logic for the national context is straightforward – in order to introduce measures of austerity or to manage anticipated downturns, having a system for the input and negotiation between employers and unions is helpful for finding mutually acceptable solutions. Mutually

acceptable solutions are invaluable in helping achieve consensus across political societies and in reducing the potential for 11<sup>th</sup> hour vetoes. Given that the national level is usually where a large amount of critical decisions regarding taxation, spending, borrowing, and wages take place, it follows that large-scale efforts involving domestic social partners would be used as a way to combat difficult social and economic conditions. In essence, industrial relations offer a potentially strong device of 'pre-commitment' to tackle change and anticipate economically austere policies.

If at the national level the value of industrial relations is well understood, for the supranational level it remains somewhat of a problematic tool in the content of its design and in the effectiveness of its results. Any basic analogy between the EU and the national level highlights this: the Commission is not an executive government, the EU is not a fiscal union with all the attendant processes that would accompany fiscal integration, and national institutional settings vary enormously among themselves while simultaneously delegating numerous competencies to the supranational level. However, there are important qualifications to this basic comparison. The monetary union that comprises 18 of the 28 member states is a definite indirect link between national fiscal strategies and supranational policymaking toward economic growth. The competency of the EU in the areas of labour law, stimulated by the Single Market's open borders to the movement of labour, necessarily involves consideration and action in the realm of worker-employee information and consultation. As well, the stated goals of the Lisbon Strategy and the Europe 2020 Strategy toward active labour market policies and employability comprise a supranational effort to focus on economic stimulation and activation, keeping working protections and regulations secondary to market growth (Commission 2014; Europa 2011). Given these qualifications, along with treaty obligations to consult the major EU social partners

and to allow and encourage autonomous negotiation between those social partners, the notion of industrial relations at the supranational level becomes another tangible element that should be also – if not equally – prone to crisis-related action or inaction. The question for this paper thus becomes threefold: (1) whether the crisis has enhanced the development of EU-level social dialogue; (2) whether social partners have simply maintained their existing trajectory, or; (3) whether social partners at the EU-level have inadvertently become *weakened* by the crisis at large.

For the first option, some potential examples of what could construe an increase in the status of social dialogue and the EU social partners could be invitations for the social partners to engage in discussions relating to EMU governance and crisis containment, and/or a more pronounced role for consultation in policy areas that go beyond labour law and working conditions. To this end, there is no evidence indicating that ETUC, BE, or the other major social partners have been included in the major discussions and propositions attending to economic policy-making for the euro-zone, or that the involvement of the social partners has broadened past its original policy areas. Indeed, the limited amount of actors involved in attending to the sovereign debt crisis of EMU member states (heads of state, ECB leaders, and occasionally IMF officials) has been a process that has been criticized for being overly elitist and under-represented (Regan 2013).

The second option, maintaining the status quo, presents the strongest area of likelihood. Social Dialogue continues to be a visible tool of social and economic policymaking related to employment, and no treaty amendments have been made to any articles covering the role and function of the social partners. Social dialogue represents a key aspect of the European Social Model and highlights the balance the EU seeks to achieve between economic growth and social

responsibility. After the Commission and the European Council adopted the 'European Economic Recovery Plan' in December 2008, ETUC and BE welcomed the plan and confirmed their common interests in the need for coordination of public action across Member States and general economic and fiscal stimulus to support the recovery. This led to several joint recommendations which reaffirmed each side's respective commitment to collective responsibility to achieve the objectives of growth and recovery (Demetriades and Wetz 2012, 2). One specific joint initiative from ETUC and UEAPME (employers representing small and medium sized enterprises at European level) was to revise and update social partnership commitments in 2009 for the context of SMEs in the face of crisis (Ibid). As well, an autonomous framework agreement on inclusive labour markets was concluded and implemented in 2010 (Eurofound 2011b).

Also in line with path-dependence toward the status quo is the consistent deviation on priorities between ETUC and BE. Eurofound, in 2012, states:

“Despite some common reactions to the European Recovery Plan, the social partners failed to produce a joint declaration...the reality was that the crisis led to a deepening of pre-existing differences. Whereas BusinessEurope continues to support the principles of the market and expresses the need for the liberalisation of services, and for structural reforms in different areas...as well as for cost reduction, the ETUC makes clear its concerns about associated risks to workers' rights and incomes and to Europe's welfare systems. The union federation also called for European Days of Action from 14–15 May 2009, in Madrid, Brussels, Paris and Prague – demonstrating the clear gap between their position and that of BusinessEurope...On a political level, although a pan-European coordination of recovery plans was necessary, national initiatives prevailed.” (Demetriades and Wetz 2012)

The above indicates that the financial crisis neither weakened nor strengthened the process of Social Dialogue or the position of EU-level social partners relative to the system of EU governance as it stood before the crisis. It also indicates that divisions between the organized interests representative of labour and management at the supranational level remain entrenched – that the crisis did not present enough motivation for a 'path-break' by which to achieve longer



lasting consensus on shared goals. In this respect, the status quo for EU-level social partners and Social Dialogue remains very much static.

Given the evidence above, the third option – Social Dialogue and the EU social partners becoming politically weaker as a result of the financial crisis – initially appears highly unlikely. The concept and process of Social Dialogue has become firmly institutionalized at the EU level, and has even carried through to national levels that did not always have their own version of social dialogue to build upon (Natali and Pochet 2010). As well, the ongoing threat of a ‘democratic deficit’ within the system of EU governance makes any reduction in the use of social partners – a limited but significant source of civil society representativeness – improbable and even illogical. Additionally, evidence from the national levels shows that the crisis presented an opportunity to develop new forms of social dialogue in order to better address key issues, even though this opportunity was not always exploited. It should be noted, though, that evidence from the national levels also shows “an increase in unilateral decision-making by governments on issues affecting the public sector, and the increasing decentralization of collective bargaining at the company level,” and “little evidence to suggest coordination from the national the EU level and vice versa,” (Guyet et al. 2011, 2). To the extent that a parallel could be drawn to the supranational level, the lack of social partner involvement and consultation in regards to proposals for austerity measures, Eurobonds and the pooling of risk, and general recommendations concerning the public finances of Member States could be construed as a rise in the executive dimension of EU governance at the cost of the cross-national and cross-sectoral dimension. Another area that potentially offers support to the third option is the position of ETUC in relation to the employer-side EU-level social partners. ETUC has emphatically opposed the trend of austerity measures ongoing in numerous member states, and helped

organize a demonstration in Brussels in April 2014 to demand policies geared toward investment rather than austerity (ETUC Press Release 2014). While the opposition is not particularly notable in that it exemplifies many of the foundational principles of organized labour, the prospect for the increasing marginalization of unions during the extended period of crisis-response holds potentially longer-term concerns for the success of Social Dialogue as it weakens the interaction of the dialogue itself by eroding the balance of perspectives brought to negotiations. Lastly, the Europe 2020 Strategy offers an example of a *lack* of attention to social dialogue in general. In contrast to the Lisbon Strategy adopted by the European Council in 2000, which set out to make the EU “the most competitive and the most dynamic knowledge-based economy in the world” and explicitly linked this goal to the development and success of Social Dialogue at the EU level (Europa 2011), the Europe 2020 Strategy launched in 2010 outlines the goals and initiatives put toward growth and jobs without any direct mention of the contribution of social partners or the process of Social Dialogue (EU Commission 2014).

### Conclusion and Implications

The above considerations illustrate that despite the window of opportunity presented by the global financial crisis and related sovereign debt crises within the EU, the hypothesis that Social Dialogue and autonomous consultation of the EU social partners would be strengthened is not proven. Unlike many national governments of EU Member States, which either turned to established forms of concertation or created new forms of consultation in order to develop crisis-related policies, there has not yet been any increase in the use of Social Dialogue within EU institutions of governance, nor has there been any strengthening of the existing process of Social Dialogue between the cross-sectoral EU social partners. At the same time, it should also be noted

that there has not been evidence of a *decrease* in the use of the existing process of EU Social Dialogue or in the capability of the social partners.

The importance of considering the hypothesis lies in the ongoing debates over the direction and form of political integration within the European Union. The economic crisis was not just a crisis of debt or growth or banking regulations alone. For many European countries, the crisis spoke at large to the function of EU governance and to the areas of incomplete integration or imbalance between policy areas. In particular, the sovereign debt crises of Portugal, Ireland, Italy, Greece and Spain provided the acute realization that monetary union can quickly translate into a dangerous amount of shared risk, and stimulated tentative discussions on what place – if any – a full economic union and/or partial fiscal union could have or should have within the supranational framework. Put simply, the crisis starkly illustrated the contrast between what the EU has achieved so far and what is at risk, in terms of political integration.

European Social Dialogue has been a key layer of European governance ever since the Social Protocol was enforced in 1993 by the Maastricht Treaty, which established the autonomy of the European social partners and created a number of shared responsibilities with the political actors to co-define 'Social Europe'. Why, then, has Social Dialogue not been more prominent in the EU's toolkit to attend to crisis-related events? What is preventing the peak-level federations of labour and industry at the cross-sectoral, trans-national level from having more input and leverage within the dynamics of policy responses? Given the ramifications of the crisis on workers, entrepreneurship, and economic growth, why are the social partners not included at the outset of proposals and bailout plans? The answer, undoubtedly, lies in the limitations of EU governance; when emphasis is concentrated on the adequate representation of financial interests, and decision-makers must attend to controlling for national bias, all within a supranational

sphere that has no control over the taxing and spending policies of individual countries, the contributions of the EU-level social partners remain limited and disconnected.

The implications of this disconnect lay mainly in the operationalization of the European Social Model and the prognosis for further political and/or fiscal integration within EU governance. The tension between national and supranational levels becomes increasingly visible when viewed through the lens of 'Social Europe' recommendations to Member States. The link between the two levels remains heavily concentrated on labour law and working conditions, but the broad prescriptions needed to make headway out of the crisis – as exemplified by Europe 2020 – rely on connections between economic integration and political integration that do not yet exist. Social Dialogue offers one platform for connecting these areas. Finally, a general implication for all levels of region and industry is the future of organized labour in an increasingly austere environment. The extent to which European-level labour representation could be weakened or marginalized by this environment could undermine the very foundation upon which Social Dialogue rests.

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