Crisis corporatism and trade union revitalisation in Europe

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1. Introduction: the return of the state and of the trade unions?

In the European employment model, governments and trade unions have a key role to play. However, in terms of their ability to act, neither seems to be in a good position. There is a broad consensus in the literature that the pressure to change in the transition to deregulated financial market capitalism has forced both of them onto the defensive. This pressure for change is the result of both external and internal factors. Particularly important among these are the increasingly transnational nature of economic and political relations (‘globalisation’); structural changes in economic, technological and social contexts; and altered lifestyles and patterns of consumption among the population (Bosch, Rubery and Lehndorff 2007a and 2007b). Welfare states have lost their ability to act, and comprehensive re-structuring and de-structuring programmes have led to institutions and benefits being scaled back (cf. Pierson 2001). The trade unions, too, have had to relinquish negotiating and organisational power, as well as political influence. Declining membership and financial resources, degressive levels of organisation, the erosion of trade unions’ secure place within firms, a decline in their redistributive power in the fields of company and wage policy and, not least, the erosion of their lobbying power, all bear witness to this (Brinkmann et al. 2008; Dörre 2010).

Nevertheless, in the crisis of global financial market capitalism, the state and the trade unions seem set for a political comeback. Many governments demonstrated an ability to act that it was thought they were no longer

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capable of showing. Comprehensive short-term economic programmes, far-reaching interventions in capitalist property rights and measures to restructure the financial sector were part of a new form of state interventionism practised by governments of all ideological persuasions (Hassel and Lütz 2010; Mayntz 2010). At the same time, social dialogue has gained fresh importance in the context of the state’s response to the crisis (Glassner and Keune 2010a and 2010b; Hyman 2010). In a whole range of countries, reduction in working hours, wage restraint measures and more flexible contracts of employment have been agreed, and are supported by statutory arrangements and government compensation payments. As a result of these negotiated reactions to the crisis, the survival of firms – and hence jobs – has been secured. In the political arena, trade unions who were willing to cooperate have encountered equally cooperative government policies (Hyman and Gumbrell-McCormick 2010a). Trade unions were sometimes able to play an influential role in these social pacts. This was certainly the case in Germany, whose model of crisis policy will be central to the following discussion. German trade unions played a decisive part in the ‘German labour market miracle’ (Möller 2010), whereby jobs, firms and added value could be stabilised in the industrial sector, even though the slump in production and orders turned out to be particularly dramatic. These successes stimulated a debate in the media about a trade union renaissance, leading to fresh recognition among leading sections of society (Urban 2010a).

Based on a fairly new strand in international trade union research, and on observation of developments in Germany, it will be argued in what follows that corporatist arrangements, as they have emerged from the crisis of financial market capitalism – and which can be seen as elements of a national crisis corporatism, although associated with high costs – have nonetheless proved valuable for politically weakened trade unions. Doubts have, however, been expressed about the view that the new social pacts represent an appropriate institutional framework for future interest-driven policies and a sustainable organisational revitalisation of trade unions. From the unions’ point of view, a strategy of autonomous revitalisation promises to be more successful, although it does presuppose a renewal of trade union resources and the strengthening of trade unions’ negotiating and organising power.
This chapter is structured as follows. A brief sketch of the power resources approach in research on revitalisation in Section 2 is followed in Section 3 by a presentation of the German Social Pact and an attempt to formulate some generalisations about the new ‘crisis corporatism’ as a concept, and to incorporate the new regime of authoritarian stability in Europe into the discussion. The forward-looking review in Section 4 discusses conclusions to be drawn for efforts at trade union revitalisation, and ends by identifying some outstanding academic questions on research and trade union strategies.

2. Power resources and trade union revitalisation – the theoretical context

Trade union research in Germany has constantly spelt out the crisis-related dimensions of the trade unions’ situation, but has devoted little scholarly attention to the options and preconditions for trade union recovery. Gradually, however, it is linking up with a more recent strand in international trade union research, known as the ‘strategic unionism approach’, which is slowly building into an area of research in its own right, entitled ‘labour revitalisation studies’ (Voss and Shareman 2000; Frege and Kelly 2004; Huzzard, Gregory and Scott 2004; Dörre 2008; Gall 2009; Haipeter and Dörre 2011). According to the premises of this approach trade unions, in financial market capitalism, find themselves in an open, non-determined situation. Rather it is the economic, social and politico-cultural contexts that shape an area of possibility with a diversified structure of opportunity. This offers the trade unions a range of strategic options and may produce differing results in terms of the intended revitalisation (Huzzard 2004). In other words, ‘Hard times can often result in strategic paralysis, but can also be a stimulus for the framing of new objectives, levels of intervention and forms of action’ (Hyman and Gumbrell-McCormick 2010b: 327). How successful they are in selecting strategic options, and how great is their capacity for innovative practices, depends on a realistic analysis of the operating context, adequate action strategies to deal with the problems, and sufficient power of self-assertion (‘strategic choice’).

Whether available options for action can be taken up is not least a question of power. Power can be understood as the capacity of individuals and organisations to realise class interests. A distinction is made here –
according to E.O. Wright (2000) – between the ‘structural power’ and the ‘associational power’ of organised labour. The former arises from the position of wage-earners on the labour market (‘labour market power’) and within the production process (‘production power’). Associational power, on the other hand, arises from the gathering of wage-earners into collective organisations, whereby trade unions can act as key players representing political interests. In the course of the debate, associational power has added a new dimension to the concept of trade union power (Dörre 2008). This is based on the position of trade unions within the institutional arrangements of the welfare state. It rests on the relationship of forces, in social terms, between the state, capital and labour, which can be stabilised in a way that transcends short-term cyclical variations. One can even envisage a fourth dimension: the communicative power of the unions as a form of trade union ‘soft power’. This consists in the ability to intervene successfully in areas of the public sphere that are pre-structured on a hegemonic basis. Communicative power evolves in the conflict over ‘leadership of opinion’ and the ability to engender recognition of one’s own interests within society (Urban 2010b).

3. Trade union advocacy and the crisis in European financial market capitalism

Trade unions have lost power across the board in the transition to deregulated financial market capitalism (Addison and Schnabel 2003; Brinkmann et al. 2008; Dörre 2010; Urban 2010b). Although developments have varied from one country to another, depending on the politico-economic and institutional contexts, trade unions as a whole entered the crisis in a weakened state.

3.1 A successful model and its costs – the German case

This was also the case in Germany. Nevertheless, the German variant of a negotiated response to the crisis is seen as a successful model. Its essence has been the involvement of trade unions in a government crisis strategy that was prepared to stabilise industrial employment and added value, but at the same time was directed towards relieving the financial burden on companies and largely avoided saddling the financial market players with the costs of the crisis. The government’s
initial offer to the unions caused confusion, because it was tabled by a conservative-led coalition. The ‘Agenda 2010’ policy of the previous Social Democrat-led government and its occasionally aggressive policy of confrontation with the trade unions appeared to confirm the thesis of a ‘decoupling’ of the unions from the Social Democrats (Piazza 2001) and the end of German corporatism (2009). But even before the elections to the Bundestag in 2009, it was clear that the Grand Coalition was touting for favours from the trade unions. A new form of reverse lobbying made its appearance. Whereas in conventional lobbying social organisations seek to maintain the interests of their client base by influencing government decisions, in reverse lobbying the intended influence flows mainly in the opposite direction. The initiative has come from the political parties, or from government representatives. This kind of strategy appealed in the first instance mainly to Social Democratic Party (SPD) and government representatives. They were unhappy about the termination of the privileged partnership between the Social Democrats and the unions, as disastrous opinion polls and election results proved. But under Angela Merkel as Federal Chancellor the ‘social-democratisation’ of the Christian Democrat party and its re-positioning towards the centre has obviously gone hand in hand with a return to the idea of corporatism. The result has been a new appreciation of the trade unions as a potential resource to support their own policy strategies and stabilise political majorities (the ‘vote-seeker’ function). Under pressure from the crisis, and the potential for conflict inherent in the corresponding crisis policy, reverse lobbying appealed across the political spectrum as the nucleus of a tripartite social pact.

It is by no means easy, from a trade union point of view, to draw up a ‘balance sheet’ of the German response to the crisis. On the plus side one may list, first, success in securing employment and enhanced public appreciation of the trade unions. Even among those who tend to be critical of corporatism, the union leadership and the policy they have adopted in the tripartite negotiating sessions have gained recognition. They have proved themselves as crisis managers, and in the political give-and-take they have achieved concessions (generous short-time working arrangements, scrappage premium) and results (securing core workforces) which in other countries could not be achieved even with militant protests’ (Dörre 2011: 268). Obviously, the new, crisis-induced Social Pact has opened up channels of influence for the trade unions that they have been able to use in their own political interests (Urban
A triumph of failed ideas – European models of capitalism in the crisis

But a balance sheet without a ‘liabilities’ column tells us nothing. The price paid for successes in crisis policy must also be included. For example, securing employment through reductions in working time has been linked to a scaling-down of contract work and considerable concessions by core workforces on pay and on working and performance standards. Alongside relatively small nominal pay increases, tendencies towards extending the duration of agreements and delaying the starting-point of wage increases have been observed. Lump-sum and one-off payments have also become more widespread, damping down future wage increases (Bispinek 2011). At the same time, securing employment has been linked to a forced restructuring of firms, leading to widespread intensification of performance and health-related pressures on employees (Schröder and Urban 2011). In addition, this policy model has shown itself unsuited to realising certain essentials of the trade unions’ strategy for overcoming the crisis. These include IG Metall’s demand for a Public Equity Fund. This was to be funded by a levy on private capital and serve as an instrument for intervening, as part of crisis policy, in the system of ownership and for making the necessary structural changes (Urban 2009b). It could not be achieved.

Looking at the German Social Pact from the perspective of power resources makes it easier to understand why the unions had to pay a high price for securing employment, and why more far-reaching trade union demands were not achievable. Corporatist bargaining systems are based on the principle of political exchange (Hassel 2009: 9–10). In this process, successes as a rule cannot be obtained without making concessions. Thus the logic of bargaining acts as a filter on demands, sorting out those claims by a given corporate player which conflict too strongly with the interests of others. Which interests and demands prove achievable in the end depends in part on negotiating skills and the institutional rules of give-and-take, but also – and principally – on the bargaining power each party possesses. The German Social Pact follows this logic. Thus labour hoarding (for example, as a result of short-time working) and preserving industrial added value (for example, by means of the scrappage premium) were in the interests of both trade unions and employers’ associations, and also of a government concerned about public approval ratings. They were therefore able to achieve consensus and be implemented, and formed the basis for ‘discourse and decision-making coalitions’ (Hegelich 2010) which helped these demands to succeed in the common interest. The demand for a Public Equity Fund
turned out quite differently. This did not lie within the area of overlapping political interests for all players; agreement among the parties was therefore not possible. The Public Equity Fund would have amounted to a structural, crisis-related intervention which changed the rules of economic life, and was considered indispensable by the trade unions and some sections of public opinion. But it obviously came too closely into conflict with the property and power-related interests of the capital-owning organisations and the regulatory assumptions of an economically liberal government. As a result, this proposal did not even make it onto the negotiating agenda.

3.2 A change in the German model of capitalism

For the trade unions, therefore, the German Social Pact was associated with notable defensive successes, but also with high costs and the blocking of more far-reaching demands. Whether a rejection of corporatism and a strategy of confrontation would have produced better results for the politically weakened unions is, however, doubtful, especially in light of developments in other countries (Hyman and Gumbrell-McCormick 2010a). But the demands placed on the unions, in Germany too, go beyond passively protecting their workers from the crisis. The change in the German model of capitalism was at the same time a period of considerable loss of redistributive function and of power for organised labour (Lehndorff 2009):

Even before the shock of the crisis, many company employment pacts had turned out to be insufficiently resilient. They had been set up to deal with problems specific to the undertaking concerned, and hence to preserve competitiveness and employment. Generally, the employees made concessions on working time and pay, while the employers in turn gave assurances on employment and safeguarding particular locations. But the implementation of the mutual agreements was often asynchronous. The cost-reducing concessions made by the workforce were implemented immediately, whereas the employers’ assurances – such as avoiding operational redundancies – could be cashed in only over a period of time. Empirical studies show that in a not inconsiderable proportion of these pacts, undertakings from the employers’ side on job security were either not adhered to or only
partially adhered to. Given that the employees always have to make the first move in an employment pact, these findings suggest a degree of asymmetry in the agreements’ (Bogdan, Brehmer and Seifert 2011: 59).

Redistribution in government economic and social policy has also been asynchronous. The rise in statutory age limits for pension insurance (‘retire at 67’), the end of parity-based funding in statutory health insurance and the tightening of the conditions for unemployment benefit (the ‘Hartz reforms’) illustrate this development. As a result, the financial burden in social insurance has shifted towards the insured, sometimes with a simultaneous deterioration in benefits. At the same time, upturns on the labour market have involved the replacement of socially protected full-time employment by often poorly secured working conditions in part-time work, short-term contracts or in the form of ‘dependent self-employment’. The distribution of national income has also worked to the disadvantage of labour: since the beginning of the 1990s, net real wages in Germany have hardly increased at all; and the admittedly strong growth phase between 2004 and 2006, compared to the previous stagnation, was actually accompanied by a diminution in net real wages over a period of years. This was due, not to increased demands on wage incomes as a result of social costs – taxes and contributions – but to ‘an extraordinarily weak rise in rates of pay, even by international standards’ (Brenke 2009: 550). By contrast, the share of income of capital and company profits increased as part of the country’s wealth (Schäfer 2010).

The redrafting of the labour market and social security ‘architecture’ and developments in redistribution policy signal a striking loss of power for the trade unions. The ‘return of social uncertainty’ (Castel and Dörre 2009) into the lives of wage-earners as a result of comprehensive deregulation of the labour market has moved to the centre of unions’ negotiating and organisational power. To this was added the destabilisation of the industry-wide multi-employer wage agreement. This not only brought about a decline in the ratio between wages and national income, but at the same time reduced trade unions’ capacity to regulate wages. Here again, the unions have lost a great deal of institutional power (Bispinck and Schulten 2009; Streeck 2009: 38–45). In conditions
of persistent unemployment, increased job insecurity and the government’s policy of restructuring and dismantling the welfare state in response to the crisis, the trade unions have ended up in a downward spiral in terms of their redistributive function and power politics. This has been interrupted by phases of economic upturn, but not wholly arrested (Urban 2010b).

3.3 A new ‘crisis corporatism’?

It is not only in Germany that negotiated responses to the crisis and fresh impetus towards moderation in wages and working time have emerged (cf. Hyman 2010; Glassner and Keune 2010a and 2010b). This reactivation of social partnerships and social pacts can be understood as a further stage in the metamorphosis of the conventional corporatism of the social democratic/Keynesian era (Schmitter and Grote 1997; Traxler 2004; for a critical view, see Hassel 2009: 13).

In recent research, particular attention has been paid to the significance of the power resources and interests of the state, trade unions and capital-owning organisations, on the basis of which the corporate players define their strategic preferences (Baccaro 2008; Hassel 2009). Macroeconomic framework conditions are highlighted as particularly significant here. An analytically useful distinction is drawn between ‘policy interests’ and ‘power interests’. Both can be given differing strategic weight (Hassel 2009: 9–13). Whereas policy interests result in strategies which are geared to solving political problems or achieving political aims, power interests above all promote strategies to stabilise the political power of governments or the associational power of organisations. From the state’s point of view, an interest in cooperation with the trade unions emerges if their involvement is likely to help solve major economic or social problems, or if the unions are able and willing to contribute towards gaining acceptance for government action or improving their electoral chances. A strategic interest for the trade unions in social pacts arises if the unions’ capabilities are sufficient to mobilise against the government using the power of vetoes and blockades, but not for a confrontational assertion of claims for high wages, secure jobs and generous social transfers. This is also the case if having their members’ interests represented in social pacts can help stabilise the organisation. At the same time, players’ interests and
strategic preferences, and hence the stability and duration of cooperative pacts, can quickly change.

Empirical research on social pacts has identified country-specific differences in the formation of corporatist arrangements in the pre-crisis phase, but also common features. These common features were observed relatively independently of institutional contexts and political traditions. Describing these competitive corporatist pacts as ‘coalitions of the weak and moderate’ indicates the degree of empowerment and strategic calculations of the players (on this, see Baccaro and Lim 2006; Baccaro 2008). Weakened governments which, because of globalisation, the electoral system or over-powerful players with the power of veto, cannot tackle problems on their own, come up against trade unions which, because of a declining rate of union membership and general changes in the economy and in politics, have also lost bargaining power, but still retain a minimum mobilising capacity and hence a power of veto. The unions’ readiness to participate in social pacts was often preceded by bitter internal struggles, in which the ‘moderates’ asserted themselves against the ‘radicals’ and took over the strategic direction of the organisation. The willingness of the capital-owning organisations to let them in has varied according to their expectations regarding the outcome of social pacts, and has occasionally proved important, not for their emergence, but for their stabilisation.

The crisis in financial market capitalism has generated a new macroeconomic context, which has affected players’ interests and ability to act. This was true of the economy in the first instance because of the suddenness with which loss of full capacity and production occurred. But it also affected the state. The new government interventionism exhibited substantial differences from the era of the welfare state. Nationalisation, short-term economic policy and market correction measures took place under pressure of a massive financial and economic crisis, and were designed first and foremost to stabilise the domestic economy and financial base. At the same time, the objectives being pursued could be achieved only by intense cooperation among nation-states, which in turn limited the ability of individual states to act (Hassel and Lütz 2010). Finally, ad hoc interventions, which stabilised the economic situation and the financial system through comprehensive expenditure programmes and compensation for debt-related failures in the private sector, seriously overstretched
the financial capability of states. As a result of the crisis-induced ‘largest peace-time growth in indebtedness’ (Wagschal and Jäkel 2010) most of them did not just overshoot the debt targets of the European Growth and Stability Pact, but also at the same time slid into a debt regime which threatens to undermine governments’ ability to act in future.

These features in themselves suggest that the cooperative crisis policy of the state is not just a re-run of the competitive corporatist policy of the pre-crisis phase. To describe the arrangement which has emerged from this new constellation, we suggest the term ‘crisis corporatism’ (Krisen-Korporatismus). In Germany, the new corporatism follows the tradition of corporatist arrangements, but at the same time differs from previous stages of development (see Table 1). The ‘social corporatism’ of Fordist capitalism evolved on the basis of players of relatively equal strength orientating themselves, in situations of conflict and cooperation, towards the negotiation of a symmetrical class compromise, in which essentially the interests of all players were reflected. The state functioned as a market-correcting welfare state, and the trade unions as the redistributive agents of wage-earners. The redistribution of income flows produced by the market was widely seen as a necessary requirement for solidarity. The subsequent ‘competitive corporatism’ developed during a phase when the Fordist/welfare state model of capitalism had come under pressure for change, both internally and externally. Transnationalisation of the economy widened companies’ strategies to include the relocation option, and strengthened their bargaining power in relation to government and trade unions. The redistributive interests of wage-earners were subordinated to the competitive interests of firms. The State, which had also become weaker compared to business, shifted its activity from a demand-orientated policy of redistribution to one based on competition and supply (the ‘competitive state’). Within undertakings, increasing companies' competitiveness took priority over company redistribution policies, meaning that the redistributive interests of the workforce were served only within the framework of additional competitive gains. The representatives of company and trade union interests also slotted into this new ‘competitive solidarity’ (Streeck 2000), and duly made their contribution towards ensuring that firms survived in the face of fiercer international competition.
The tripartite alliance that developed in Germany as a result of the crisis shows significant differences from social corporatism and from competitive corporatism. These make it plausible to talk about a new, crisis-induced corporatism. First, the acute crisis in financial market capitalism represents a specific macroeconomic context, fundamentally different from that of the prosperity phase, which changes the interest base and power resources of the corporate players. Under pressure of the shock crisis, government, unions and companies in the real economy ended up on the defensive against financial market mechanisms and the lobbying power of their key players. Crisis corporatism represents an alliance of the weak; social pacts at company and political level are seen as acute emergency coalitions formed in response to the crisis. This has impacted on the results of the policy. Admittedly the employment interests of core workforces were relatively successfully preserved during the acute phase of the crisis. But acceptance of the running-down of marginal workforces (especially contract workers), the concessions made on pay rates, working time and working conditions for core workforces, and the absence of any participation by financial market players in the costs of the crisis make it clear that the redistributive interests of wage-earners remain largely subordinate in this alliance.
Admittedly, the wage figure across the economy as a whole, and hence the relative redistributive position of dependent labour, rose briefly – as usual – during the peak phase of the crisis. But this development reflects, not a power gain for the trade unions, but the rapid downturn in profits in the real economy brought about by the crisis. Even though the development was reversed as early as 2010, companies in the real economy are not the main beneficiaries – unlike under competitive corporatist arrangements. Rather the dominant crisis policy was accompanied by a transfer of added value from the real to the financial economy, which found expression in the collapse of industrial profits and the spectacular rise in public debt. Government policy was geared, not towards the goal of sustainable improvement in the conditions of competition, but towards ad hoc stabilisation of firms, and as far as possible avoided any regulation of the financial economy. The unions and works councils acted as moderators in the acute struggle of firms to survive, and were seen by those involved, and by the public, as emergency coalitions in an exaggerated crisis situation.

3.4 The regime of authoritarian stability in Europe

This brief sketch of the tripartite response to the crisis in Germany cannot – and is not intended to – be more than a first approach from the perspective of corporatism theory. The nature of the social pacts that have been developed in response to the crisis – and not only in Germany – has yet to be fathomed, either empirically or theoretically. The low value placed on similar crisis-driven developments at European level is, however, striking in view of the recent debate in Germany. It is true that in integration research, European unification is generally treated as a multi-layered process, in which developments at regional, national and European level are seen as interdependent elements in an overall process (cf. Jachtenfuchs and Kohler-Koch 2003). But this multi-layered perspective has not, so far, found its way sufficiently into German research on corporatism. This ‘Europe gap’ is proving problematic because fundamental decisions are being made at European level that might have decisive implications for policy in the member states.

By the end of 2010, almost all Eurozone countries were overshooting the stability targets of the European Economic and Monetary System (ECB 2011). Step by step, through a non-transparent process of negotiation,
moulded by national interests, a new regulatory framework for economic and financial policy was crafted. It is based on existing agreements on European governance, and enhanced coordination of economic policy, which in the wake of the revised Lisbon Strategy were summarised under the heading ‘Europe 2020’. The architecture of the new regime is supported by two institutional pillars: the first consists of a regulatory framework for tighter control of economic policy and budgetary oversight in the Euro area. This provides, in particular, measures to strengthen the competitive position of economically weak member states, and sanctions for those whose budgetary policies are in deficit. The second pillar is a permanent crisis management mechanism, the European Stability Mechanism (ESM). This is to be activated whenever the overindebtedness of one member state threatens the financial stability of the Eurozone as a whole and ties the granting of financial assistance in the form of loans to strict constraints (Urban 2011).

This new institutional regime directly affects areas of policy and regulation that were previously the preserve of member states and the parties to collective agreements. This happens, first, through restricting the fiscal margin for manoeuvre of national policies. Here the trend is towards technocratic prescription, as was already inherent in the Stability and Growth Pact (SGP) within the Economic and Monetary Union (EMU) (avoiding excessive deficits of more than 3 per cent or a public debt figure over 60 per cent of GDP). In the new regime, this latent authoritarianism takes on a new quality. Taken as a whole, the new institutional arrangement can be understood as a regime of authoritarian stability, which is likely to prove economically counterproductive, socially polarising and a threat to political legitimacy. What is intended as a programme to stabilise the EU and its currency could turn out to be a programme that aggravates economic and social problems, and ends in a state of precarious stability (Urban 2011). By fulfilling the obligations attached to the provision of credit, the well-known vicious circle of a pro-cyclical finance policy is set in motion, leading to loss of demand and absence of growth. This loss of growth also makes it difficult to produce the resources needed to re-finance debts. As a result, the creditworthiness of the debtor goes down, which immediately leads to a lower credit rating from the leading agencies. This in turn drives up risk premiums and interest rates for capital market loans, and hence the costs of obtaining fresh credit.
This new authoritarian regime of precarious stabilisation is linked to a whole range of violations of wage-earners’ interests, and to a drastic deterioration in the conditions under which trade unions operate. The rules for the development of wages, productivity and social systems interfere deeply in the mechanisms of capital/labour/state relations at national level, and subordinate national economic policies and the whole labour and social security architecture of member states to an overblown policy of competition and stability. Alarm bells should be ringing for trade unions. To drive down debt deficits, governments will cut drastically into systems of social protection and reduce benefits. However, reduced compensation for risks, especially unemployment and inability to work, increases the pressure on wage-earners and intensifies the ‘reserve army mechanism’ on the labour market. This in turn weakens the bargaining power of the unions. At the same time, fiscal restrictions will lead to a loss of function for governments as active economic players responsible for economic, employment and industrial policy, and hence for stabilisation of growth and employment, not to mention to an inability to fulfil governmental responsibilities in relation to eco-social structural change. Possible impulses for growth and employment are being thrown away. Even the social partners’ current role in moderating wage negotiations will not remain unscathed. Lip-service paid to maintaining the autonomy of social partners in collective bargaining will be pointless in the face of economic ‘disciplining’ and downsizing. A massive restriction of autonomous national collective bargaining systems is likely to be the consequence.

Trade unions in EU member states seem poorly prepared to face these risks. So far, their policy has been aimed primarily at fending off threats to the interests of their core memberships, and has remained stuck in the domain of national economic and social policy. Attempts to influence government policy on Europe, and hence crisis policy at European level, have remained just as underdeveloped as efforts to coordinate, or indeed network, redistribution campaigns across national borders.

4. Looking ahead

Summing up, we can say that, despite some signs of a revitalisation of trade unions, the crisis so far has not represented a positive ‘turning point for labour’ (Baccaro 2010). The unions have not benefited at all
from the political and ideological humiliation of neoliberalism. Analysis of union activity during the crisis has shown that the unions are in dire straits, and that (...) the global financial crisis has done nothing to improve their plight and has possibly worsened it. (...) Instead, the declining trend is visible everywhere: in New Zealand and in Austria, in Germany and in the UK’ (Baccaro 2010: 347). Evidently the process of erosion of trade union power was too all-embracing for the unions to be able, under the more difficult conditions of the crisis, to intervene strategically in the sense of proactively influencing the dominant crisis strategies (Boyer 2010, Crouch 2010).

4.1 Trade union revitalisation

What conclusions might be drawn from this for the debate on trade union strategy? The set of problems outlined shows that correcting the asymmetrical distribution of incomes and power before and during the crisis, and the Europeanisation of trade union policy to defend their members’ interests should be a high priority on the union agenda. To this must be added efforts at revitalisation in terms of power politics, since success in terms of redistributive and European policy requires a considerable degree of bargaining and associational power. In light of these requirements, it appears questionable whether the social pacts of crisis corporatism offer an appropriate institutional framework for fulfilling them. An aggressive redistribution policy in favour of wage labour, re-regulation of the labour market and achieving an egalitarian distribution of incomes and capital would quickly prove incompatible with corporatism because it conflicts too strongly with the interests and power claims of other players. At the same time, one cannot dismiss the danger that the continued presence of trade unions in national social pacts might hamper the overdue transnationalisation of union policy. If the crisis-induced corporatist alliances were to continue after the acute phase of the crisis in the form of renewed local pacts under the terms of competitive corporatism, this would tie up the very union resources that are essential for a strategic Europeanisation of trade union policy.

It is difficult to determine just where the limits of corporatist, interest-driven policy lie. Research on the opportunities and restrictions of crisis corporatism is still lacking. An alternative strategy involving an autonomous, confrontational stance would be preferable, from a union
point of view, (only) if the redistributive and organisational successes that could thereby be achieved exceeded the interest-based concessions which could be achieved in the political trade-off under crisis-induced corporatist arrangements. Interest-driven successes for trade unions in capitalist societies are not just a question of strategic will, but also of what is doable in terms of power politics, and hence dependent on the possession of sufficient power resources. This applies as much to strategies geared towards conflict and militancy as it does to those geared to compromise and dialogue. In this way, the regeneration of trade union power in financial market capitalism becomes a general condition for successful interest-driven policy, irrespective of whether ‘boxing or dancing’ provides the appropriate metaphor (Huzzard, Gregory and Scott 2004).

Strategic efforts must be developed and implemented in line with the national variants of the European employment model and the relevant production, employment and welfare regimes (Bosch, Rubery and Lehndorff 2007a). In the circumstances of the German model the following aims have been mentioned as particularly important: first, broadening the operational base within firms, and making work less insecure; second, raising the general level of trade union membership and organising new groups of wage-earners; third, institutional reform of the industry-wide multi-employer wage agreement and the labour rules and social structure; fourth, extending influence in the national spheres of economic and social policy; fifth and last, the communicative strengthening of trade unions’ crisis policy and its underlying ideas (Urban 2005).

But whatever the institutional specifics of each national regime, it is the unions’ strategic understanding of their role that is likely to determine whether the strategic challenges are recognised and tackled as such. As a structurally conservative blocking power – defending what can be defended both during and after the crisis – they are unlikely to succeed. Even sticking to their role as the companion of modernisation and moderator of the crisis is likely to fall short of what is required. Much more promising is a political understanding by trade unions of their role as a constructive veto-player (Urban 2005). This self-understanding assumes that not only the transition from the Fordist formation to a new socio-economic model of development, but also the emergence of this model from the crisis, involves power-based conflicts over redistri-
bution and negotiation; and that in this the ability to mobilise power resources adequately will be the precondition for being able to assert themselves as participants in areas of conflict. The same is true of defensive conflicts against inadequate problem-solving strategies and (partial) successes achieved within a strategy of gradually overcoming the defensive position of the unions. At the same time, the corresponding power of veto is used ‘constructively’ in the sense that it is not aimed at preserving status quo structures, but at making its own contribution to reconstructing the socio-economic model of development. Mobilising the power of veto to prevent crisis management strategies that would exacerbate problems is set alongside mobilising the power of change to assert problem-solving political concepts.

4.2 Outstanding issues in research and strategy

Assessing the crisis from both an academic and a trade union point of view provides considerable scope for sociological research and trade union strategy debate. First, it is important to continue scholarly work on the concept of corporatism and develop a terminology which expresses the specifics of the macroeconomic context, and the interests and degree of empowerment of the players. This raises the concept of ‘crisis corporatism’ as a theme for discussion. These efforts should above all seek to connect with the current debate on national states’ new ability to act. If scepticism were to harden towards the proposition of a return to governments which are comprehensively capable of acting during the crisis, this would inevitably have an effect on the reliability of government assurances and the chances of success of crisis-induced corporatist alliances.

At the same time, it would be desirable to investigate the far from trivial implications of trade unions’ corporatist involvement for decision-making within organisations. Even crisis corporatism is caught between a politically-orientated logic to exert influence and a countervailing logic to assert members’ interests (Streeck 1999: 223–245). For this reason, too long and intensive an involvement in social pacts that distribute the profits and costs of the crisis in a flagrantly unequal way could pose a risk for the unions’ internal democratic structures. In other words, the more trade unions become involved in corporatist arrangements, and the higher the price to be paid in terms of interest-
driven policies, the stronger the tendency could become among union leaderships to exert influence on internal discussion and decision-making processes in order to minimise the conflicts between the results of internal opinion-forming and the requirements of corporatist alliances, and to maximise the ability of trade unions to commit themselves. Such internally-generated measures can rapidly lead to restrictions on any authentic articulation of members’ interests and hence damage the democratic process within organisations (for a stimulating contribution on this, see Molina 2008). Whether these risks for democracy can be countered with decentralised decision-making structures and more members’ participation, or whether these measures lead rather to the blockage of the tripartite political model, should be questions for practice-based policy research.

Not only trade union research, but also the unions’ own debate on strategy are under challenge. The findings presented here argue for a twofold differentiation of trade union efforts at strategy. So far, attempts at trade union revitalisation have been geared, more sporadically than systematically, towards redistribution and power conflicts in the national sphere. But this narrowing of strategy fails to do justice to the complex of problems in a Europe dominated by financial market capitalism. Instead, the multi-level perspective must find its way into the trade unions’ debates on strategy. This requires a re-orientation of European policy on a paradigmatic scale (Urban 2009b). This Europeanisation of trade union policy should be linked to a second strategic challenge. There is talk of broadening unions’ interest-driven policy in the direction of alliance-based policies. The starting-point could be a Europe-wide movement, a heterogeneous collective player, consisting of different initiatives, organisations and personalities, for which the term ‘mosaic left’ has been brought into play (Urban 2009a and 2011). Such a transnational left, however, would first have to evolve. This might happen in a Europe-wide, pro-European social resistance movement against the regime of authoritarian stability and in favour of a cooperative and democratic Europe. The strategic gain for the unions could lie in supplementing their own insufficient power resources by alliances with other powerful movements (Hyman and Gumbrell-McCormick 2010b: 328).

Let there be no doubt: the revitalisation of the trade unions in terms of power politics is first and foremost a project which demands efforts within organisations. But there is a lot to be said for putting these
efforts in a more all-embracing, Europe-wide and alliance-based context. To ignore this challenge would merely be to prolong the defensive stance of the trade unions.

**Bibliography**


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