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# The European Social Model: Revitalizing the Debate about its Prospects

Mirella Baglioni \*

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## 1. Introductory Remarks

The aim of this paper is to present and interpret the various approaches to the European Social Model (ESM) through an industrial relations perspective, in order to discuss its present state and future prospects<sup>1</sup>.

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<sup>1</sup> The European Social Model is defined as a combination of economic and social progress. The effective interconnection of these two factors is the result of harmonious labour relations in promoting industrial democracy and the dissemination of solidarity across Europe. In addition to the definitions laid down in official documents such as the Charter of Fundamental Rights, the 1994 EC White Paper, the Treaty on the Functioning of the European Union (TFEU) and the Treaty on European Union (TEU), reference is also made to the ESM in the documentation issued by social partners – which often takes the form of social dialogue – studies and researcher in industrial relations and labour law. See <http://www.eurofound.europa.eu/areas/industrialrelations/dictionary/definitions/europeansocialmodel.htm> (Accessed March 10, 2013). The neoliberal regulation and the different economic crises have shifted the attention to the negative effects of interest representation postulated in the ESM. The criticisms focused on the mechanism for governing labour markets, and the obstacles towards flexibility posed by the social partners operating within the limits of a unique social model, see A. Sapir, *Globalization and the Reform of the European Social Models*, Working Paper for the Ecofin, Manchester, September 2005. <http://econpapers.repec.org/paper/brepolcon/31.htm> (Accessed February 28, 2013).

The ESM has been the subject of critical analysis from a number of scholars who have investigated the development of European institutions<sup>2</sup>. Furthermore, a great deal of criticism – yet of a more political nature – has also been raised by the social partners themselves who – being an intrinsic component of the model – have frequently expressed their disappointment with the limited success of the ESM. In addition, the economic downturn which at different times marked the new millennium narrowed down the room for critical debate on EU socio-economic developments, and likewise limited any leeway to manoeuvre provided for social policy at EU level, with the claims of social partners which have thus far been neglected.

As far as the European Commission is concerned, one might note that the Directorate of Employment Social and Economic Affairs has lost its grip in comparison with the previous decades. It is likewise noticeable that over the last two years, the European Foundation for the Improvement of Living and Working Conditions (Eurofound) – the main European agency on labour issues – has undergone a reorganisation process resulting in its Industrial Relations (IR) Research Program focusing on short-term adjustments concerning restructuring, rather than on the overall trends of labour relations.

The current state of the ESM is impacting on labour relations across Europe at a time when processes of deregulation required by neo-liberal governments, and rising unemployment provoked by the recession, are causing a substantial reduction of the legal and contractual protection of labour. This is progressively altering the principles of socio-economic regulation within the EU.

The academic debate about the ESM – which often results in strong reservations about the scope of its compliance with institutional requirements at EU level – deserves far more attention from industrial relations scholars.

In this sense, much research has been conducted, yet a methodological divide exists between the academic and institutional approaches taken, with little to no dialogue between these two worlds. Evidently, this state

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<sup>2</sup> See W. Streeck, *Neo-Voluntarism. A New European Social Policy Regime?* *European Law Journal*, n. 1, 1995, 31-59; B. Kittel, EMU, *EU Enlargement and the European Social Model: Trends, Challenges, and Questions*, MPIfG Working Paper, 2002, n. 1, Cologne, www.mpifg.de; F. W. Scharpf, *The European Social Model: Coping with the Challenges of Diversity* MPIfG Working Paper 2002, n. 8, www.mpifg.de; T. Blanke, J. Hoffmann, *Towards a European Social Model. Preconditions, Difficulties and Prospects of a European Social Policy*, ETUI Working Paper 2007, n. 2; P. Pochet, C. Degryse, *Social Policies of the European Union. Global Social Policy*, n. 3, 2010, 248-257.

of affairs is the result of different aims and audiences. However, particularly in times of crisis it might be of use to enhance the exchange of ideas and to be open to different views in order to help overcome challenges and dispel the doubts about the future of what has been termed the “European project”.

In view of the above, this paper makes an attempt to move away from the debate on the ESM, giving priority to its impact on IR and the role of scholarly work in stimulating a process of adaptation of its scope and coverage which meet the needs of the EU citizens. Academic and joint research conducted by scholars and practitioners at a European level points to past convergences and a current divide on both methodological and conceptual developments of the ESM. A growing state of uncertainty concerning the role of labour relations in Europe and the ongoing economic crisis impact the future of the ESM and is progressively changing its extent and main features.

## 2. Economic and Social Europe

Recent developments in EU policy have raised serious concerns about social Europe. The imbalance between economic and social policies<sup>3</sup> is further aggravated by the Fiscal Compact which acts as a stumbling block to national autonomy in terms of social policy-making. Experts of political science and sociologists have already pointed to the historical gap between the economic and social competence of the EU.

Most notably, Scharpf<sup>4</sup> has analyzed the asymmetry between social and economic policy fields, with special reference to the difficulty of harmonization between different social rights across the EU as long as persisting national sovereignty causes much differentiation between the social policies of the Member States (MS). Besides the historical asymmetry between social and economic policies, Scharpf also points out the perverse consequences of economic and fiscal constraints, which, by eroding the social budget at a national level, weaken to various degrees the

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<sup>3</sup> This imbalance has been analysed by A. Sapir, *op. cit.*, as a consequence of the different degrees of efficiency and sustainability of the national social models.

<sup>4</sup> The concept of asymmetry between economic and social policies was elaborated by F. W. Scharpf, *op. cit.*, in 2002 and further developed in relation to the dualism between nation states and European policies. See also F. W. Scharpf, *The Double Asymmetry of European Integration*. Or: F. W. Scharpf, *Why the EU Cannot be a Social Market Economy*, MPIfG Working Paper 2009, n. 12, [www.mpiifg.de](http://www.mpiifg.de) (Accessed January 31, 2013).

social policies of the Member States. He also insists that European policy will be unable to reduce this differentiation and converge towards a common minimum social standard because of the diversity of national social protection systems, and particularly “the political salience” of these differences.

Whereas Scharpf focuses on the unbalanced development of the European project, Streeck<sup>5</sup> indicates the serious consequences of European neo-liberalism on social Europe. In the author’s view, social Europe neither regulates nor governs the socio-economic development, but relies on the principle of voluntarism which requires that national policies and social partners comply autonomously with social guidelines agreed at EU level<sup>6</sup>. This led on the one hand to the impossibility of governing a process of convergence towards common standards and, on the other hand it gave rise to competition between different social regimes in the EU, as well as forms of social dumping.

The Europeanization of labour relations was viewed as a substantial possibility by IR scholars in the mid-1990s, with scepticism arising from Streeck’s analysis which was not widely shared. Unfortunately, such “Eurooptimism” gave way to more pessimistic views during the new millennium. As predicted by Scharpf, the EU Fiscal Compact is narrowing down the spending autonomy, and the achievements of Social Europe – if not significant – are also increasingly under threat because of cuts in national social budgets. One outcome of the neo-liberal approach taken by the European Union is the progressive convergence towards the deregulation of workers’ rights and the rolling back of the welfare state<sup>7</sup>. The negative effects of this convergence are particularly affecting the

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<sup>5</sup> See W. Streeck, *The Internationalization of Industrial Relations in Europe, Politics and Society*, vol. 26, n. 4, 1998, 429-459.

<sup>6</sup> This argument is also put forward in a famous article which summarizes the results of research carried out on European Works Councils. See W. Streeck, *Neither European Nor Works Councils: A Reply to Paul Knutsen, Economic and Industrial Democracy*, n. 18, 1997, 327-337.

<sup>7</sup> Starting from the 1990s, the sustainability of welfare states has been the subject of a long-standing debate which has first focused on flexibility in the labour market and then moved to the sustainability of existing features of the European welfare state regimes. On grounds of a comparison of the different degrees of efficiency and equity embedded in the different social regimes across Europe, A. Sapir, *op. cit.*, 389, specifically points at the low performances of the Mediterranean countries. The recommendation of the author is that “Member States must also proceed in parallel with national reforms of labour market and social policies geared towards improving the capacity of their economies and their citizens to take full advantage of the opportunity offered by the changes associated with globalization”.

citizens of the Member States which suffer a debt crisis. Yet the social deficit of the project on economic integration is perceived all over the EU. The main question to be addressed is how and who will ever fill this deficit.

Social partners, in cooperation with a number of European bodies have not been able to help social Europe to progress. First, the failure to move in the direction of minimum social standards/rights needs attention, also in consideration of the stalemate situation of the Europeanization process involving social partners and the state of uncertainty surrounding the role of the European Trade Unions' Confederation (ETUC). Indeed, the sound management of the changing labour relations calls for either strategic decision-making which might bring about the demise of national sovereignty or the retention of the existing balance of power at the expense of a European strategy. Second, such a debate also challenges the institutions supporting and monitoring of the ESM. In addition to the academic debate, there exists at the level of European institutions a vast amount of empirical findings on national social policies. These studies have produced a number of analytical reports, which formed the basis of the Lisbon strategy and, subsequently, caused the amendments made to the European social strategies over the last decade. Although scholars and policy-makers acknowledge the profound changes taking place within the European societies, there is a need to update the conceptual model to be employed at the time of defining social inclusion and solidarity.

### 3. Europeanization and National Identities

The history of the twentieth century bears witness to the central role played by class conflict and interest representation in building social solidarity and consolidating democracy in the Western European countries. Yet more recently, international capitalism has radically changed the rules of the game, downplaying the role of social economic representation in policy-making. As a result, social partners and policy-makers in the new millennium have to renegotiate the terms of their social contract.

The attempt to replicate provisions regulating national socio-economic conditions also at European level was made successful by a number of initiatives, among which were the Delors social program, the Maastricht Treaty and the European Directive on European Works Councils (EWCs).



After carrying out research on the establishment and the functioning of EWCs, Streeck<sup>8</sup> expressed further scepticism about the future of social Europe, yet he stood alone among the IR scholars community. To the contrary, a vast amount of relevant research focused on the prospects of “Europeanizing” IR and provided an extensive analysis of the process of social dialogue and the experiences of workers’ participation in EWCs. Surveys by EWCs looked at the dissemination of works councils and emphasized the difficulties of workers’ representatives in establishing themselves at a European level rather than pursuing national interests. They also gave account of the progress made in companies operating in line with legislation safeguarding consultation and promoting mutual trust between workers and managers<sup>9</sup>.

The time-consuming revision process of the Directive – along with the slower pace of the transposition process – are illustrative of the difficulties in widening the scope of EWCs and reinforcing and consolidating European employee representation against the resistance of the employers’ associations. From the very beginning, the critical point was the content of information and consultation of workers’ representatives, and this issue was made increasingly sensitive by the production crisis and consequent restructuring in many European plants. Restructuring has in

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<sup>8</sup> R. Joel, W. Streeck, *Works Councils: Consultation, Representation and Cooperation in Industrial Relations*, Chicago University Press, Chicago, 1995.

<sup>9</sup> W. Lecher, B. Nagel, H.W. Platzer, *The Establishment of European Works Councils: From Information Committee to Social Actor*, Ashgate, Aldershot, 1999; W. Lecher, H.W. Platzer, S. Rüb, K. Weiner, *European Works Councils: Developments, Types and Networking*, Ashgate, Aldershot, 2001; W. Lecher, H. W. Platzer, S. Rüb, K. Weiner, *European Works Councils: Negotiated Europeanisation. Between Statutory Framework and Social Dynamics*, Ashgate, Aldershot, 2002; M. Carley, and P. Marginson, *Negotiating European Works Councils under the Directive: A Comparative Analysis of Article 13 and Article 6 Agreements*, European Foundation for the Improvement of Living and Working Conditions, Dublin, 2002; M. Carley, M. Hall, *European Works Councils and Transnational Restructuring*, European Foundation for the Improvement of Living and Working Conditions, Dublin, 2006; M. Whittall, H. Knudsen and F. Huijgen (eds.), *Towards a European Labour Identity. The Case of the European Works Council*, Routledge, London and New York, 2007; P. Marginson, *The Euro-Company and Euro Industrial Relations*, *European Journal of Industrial Relations*, vol. 6, n. 1, 2000, 9-34; T. Müller, A. Hoffmann, *European Works Councils Research: A Review of the Literature*, *Warwick Papers in Industrial Relations*, WP, n. 65, 2001, University of Warwick; B. Keller and H.W. Platzer (eds.), *Industrial Relations and European Integration. Trans- and Supranational Developments and Prospects*, Ashgate, Aldershot, 2003; V. Telljohann (ed.), *Quality Inventories on the Operation and Results of European Works Councils*, Fondazione Istituto per il Lavoro, Bologna, 2005; J. Waddington, *What do Representatives Think of the Practices of European Works Councils? Views from Six Countries*, *European Journal of Industrial Relations*, vol. 9, n. 3, 2003, 303-325.

many cases been undertaken by corporate management following a strategy of *divide et impera*, whereby information is issued selectively and no consultation is permitted. This strategy deprives the employees' representatives of their role, and upholds the relative strength of industrial relations conducted at a national level.

An alternative view is that European trade unions are often viewed as the victims and those primarily responsible for the failures of IR Europeanization. By employing different approaches and with varying degrees of pessimism, Hyman and Erne<sup>10</sup> have examined the crisis of European trade unionism resulting partly from the difficulties inherent in social Europe and partly from union participation in the European policy-making process.

These complexities show that IR resists evolving from its national roots; a problem frequently analysed by Hyman with particular reference to the European dimension of IR and to the wavering role played by European trade unions in the process of Europeanization. Hyman notes that the history of social Europe is extremely controversial, and that its recognized values are derived from workers' rights legitimised at national level and taken as a shared benchmark for building a European society. He acknowledges the distinctiveness of employment protection provided statutorily and reinforced by extensive public welfare systems, the acceptance of collective interests and their representation giving a role to social partnership in defending and constructing the model and "extending these rights and protection through harmonisation and upward standardisation of outcomes across the Community"<sup>11</sup>. Nevertheless, he also points to a number of factors which have already altered the trends of extending workers' rights and social protection: the prevailing neo-liberal economic policy of the EU; the assertiveness of European fiscal policy and labour market flexibility; the budget austerity and the reshaping of the welfare state. Hyman is of the opinion that by agreeing to negotiate within the neo-liberal paradigm, trade unions have weakened the prospect for building a social model across Europe and transformed their role into a defensive and bureaucratic routine.

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<sup>10</sup> R. Hyman, *Trade Unions and the Politics of the European Social Model*, *Economic and Industrial Democracy*, vol. 26, n. 1, 2005, 9-40; R. Erne, *Euro-Democratization and its Alternatives. An Analytical Framework for Organised Labour*, in F. Garibaldi, M. Baglioni, C. Casey, V. Telljohann (eds.), *Workers, Citizens, Governance*, Peter Lang, Frankfurt, 2012, 29-48.

<sup>11</sup> R. Hyman, *The Labour Policies of the European Union: Questions of Governance*, in F. Garibaldi, M. Baglioni, C. Casey, V. Telljohann (eds.), *Workers, Citizens, Governance*, Peter Lang, Frankfurt, 2012, 63-78.

The absence of trade union initiative and their “Euro-technocratisation” are also described by Roland Erne. Erne acknowledges unions’ undoubted contribution to democracy building at the level of nation-state, yet emphasizing their inability to devise a political mobilization strategy and contribute to the process of Euro-democratization. He also argues that their move towards “Euro-technocratisation” not only hinders European trade union empowerment, but this state of affairs also has certain political implications, viz. the narrowing down of the social and political scope of labour. In Erne’s words “Indeed, unions might increasingly become narrow-minded actors that operate in very limited policy areas, neglecting their broader original values of economic, social and political emancipation”<sup>12</sup>. The struggle faced by social Europe has been further compounded by the accession of the new MS – which is extremely varied in its structuring – thus making harmonising cultures and values even less feasible<sup>13</sup>. Hyman’s analysis of the referendums on the Constitutional Treaty<sup>14</sup> and the stress on the citizens’ negative perception about the reform of European governance, also suggests that the contrast between the union leaders campaigns and the votes of the rank and file can be attributed to a dissatisfaction with social Europe and – more precisely – to a more general sense of distrust about the compliance of trade unions with the architecture of the existing Europeanization. Streeck has often criticised<sup>15</sup> the option for soft harmonisation which did not ease the making of social Europe, but has rather enhanced competition between different social regimes. In addition, recently he has asserted that this competition might serve to the function of demising the democratic capitalism<sup>16</sup>.

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<sup>12</sup> R. Erne, *op. cit.*, 42.

<sup>13</sup> F. W. Scharpft, *op. cit.*

<sup>14</sup> R. Hyman, *op. cit.*

<sup>15</sup> See W. Streeck, *The Internationalization of Industrial Relations in Europe: Prospects and Problems. Politics and Society*, vol. 26, n. 4, 1998, 424-429 and W. Streeck, *Industrial Citizenship under Regime Competition: The Case of the European Works Councils*, *Journal of European Public Policy*, 1997, vol. 4, n. 643-664, W. Streeck, *Neo-Voluntarism. A New European Social Policy Regime? Op. cit.*; W. Streeck, *Works Councils: Consultation, Representation and Cooperation in Industrial Relations*, *op. cit.*

<sup>16</sup> W. Streeck, *The Crisis in Context. Democratic Capitalism and its Contradictions*. MPIfG Discussion Paper, 2011, n. 15 in [www.mpifg.de](http://www.mpifg.de) (Accessed January 31, 2013).

#### 4. Labour Protection in Times of Neo-Liberalism

Already during the 1990s, neo-liberal policies produced a narrowing down of labour protection in the old MS, which the EU tried to govern by putting forward a set of measures combining liberalization and protection in the labour market (flexsecurity). In fact – as the Lisbon strategy confirmed – employment flexibility in itself did not give rise to more and better jobs, but it often caused increased dualism in the labour market and growing levels of social exclusion within national societies. This affected the old MS in important respects, the result of different levels of ability to deal with economic growth and reform social governance.

Adjustments to EU policy to keep up with neo-liberal trends produced different outcomes. The European Employment Strategy (EES) adjustments towards a more competitive economy were included in the 2000 Lisbon Strategy, and more importantly, there was a progressive acknowledgment of a trend towards increasing social inequality within the EU which would bring the risk of increasing social exclusion. Lisbon 2020 maintains and reasserts the ambitious goal of more and better employment for all the European citizens. The accession of the new MS accentuated the economic and social divide within the EU: social dumping in labour protection caused relocation of production to the Eastern countries and loss of employment in “protected” labour. Trade unions in Europe responded by intensifying efforts of negotiations on restructuring processes and by launching a mid-term strategy to anticipate change. Both responses were assisted by the EU institutions and by EUROFOUND, which set up a company restructuring observatory to promote research on managing change, and widened the scope of its observatory on working conditions. At the same time as the ambitious attempt to create more and better jobs was made unrealistic by the numerous crises which originated during the new millennium, the European fiscal policy was detracting the resources available to the MS for their own social policy.

This leads to the key point of this article, the investigation of today’s industrial relations system as part of the ESM. Very little remains of the set of statements, analyses, deliberations and joint policy-making produced in the 1990s on labour regulations and protection. Industrial relations, modelled as they were at the national level, are progressively losing their role in highly globalized economies in terms of socio economic regulation. A consequence of this state of play is that the influence of industrial relations on the terms and conditions of the social contract has diminished.

Yet, while IR scholars express major concerns about the future of social Europe, the institutions at a European level – even in a state of uncertainty – cannot but confirm their long-term choices which rely on a building strategy where interest representation, collective autonomy and social dialogue play a crucial role. Indeed, these three themes have been the subject of the 2012 Labour Day message “Looking at Europe’s Social Model - Today and Tomorrow” delivered by the European Commissioner for Employment. The message further stresses the importance of social Europe, as well as the role of social partners in the Lisbon 2020 strategy, in EU governance and decision-making and in developing social dialogue in the new MS. It also underlines the need for social partner commitment to co-managing the crisis and being “on board for any long-term recovery plan and any labour market reform”. The President of the European Central Bank, Mario Draghi, had previously stated that “The European social model that provided the basis for European prosperity since the Second World War has already gone”. Nevertheless, the European Commissioner made an attempt to link the past and future of social Europe by revamping a European social model based on solidarity and devised by both social partners and civil society representatives.

### **5. The Crisis of Solidarity and the Problem of Interest Representation**

How can contemporary Europe develop new shared values which could countervail the dominant and overemphasized principle of market and competitiveness? The answer provided by the EU institutions was to carry out research in order to analyse and foster solidarity among EU citizens. At the academic level, the principle of solidarity has become the subject of increasing and renewed attention also by IR scholars<sup>17</sup>. This article suggests that a new binding concept of “citizen’s solidarity” should replace the principle of “class solidarity”. This concept should serve the purpose of encompassing contemporary social needs which transcend the working class in order to enclose transnational citizenship.

Whereas in times of crisis the nation states struggle for their own survival, the proposal for a social and economic citizenship at the European level appears to be unattainable. No one seems in the position of providing this

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<sup>17</sup> See V. Pulignano, *Identity, Solidarity and Non-Market Values: Prospects for Social Democracy in Europe*, in F. Garibaldo, M. Baglioni, C. Casey, V. Telljohann (eds) 2012, 181-200, *op.cit.*

new public good. Neither social partners nor civil associations consulted by EU institutions can promote creative and shared values leading to a new social contract for the European citizens.

The inter-professional and sectoral development of social dialogue has only marginally interpreted the expectations on IR Europeanization. Uncertainty and veto power dashed hopes connected to the role assigned by the Maastricht Protocol to cooperation among the social partners. Neo-liberal policies have further limited the contribution of social partners in defining the contents of social Europe: labour market reform and flexibility have taken control of the whole debate and confined the initiative of trade unions within a number of committees and bureaucratic practices. This state of plays has widened the gap between the representatives and their members, thus impacting on their legitimacy.

In order to address the issue of lower levels of socio-economic representation, the EU official process of consultation underwent revision<sup>18</sup> and the range of legitimate interests was enlarged so as to produce a revised database. Indeed, the consultation process envisages two separate and distinct processes, while social partners maintain their privileged role. The project of social Europe is dependent upon the scope of labour and capital representation in defining priorities and implementing shared contents related to employment regulations and social protection. Closely linked to interest representation is the concept of “autonomy”, which is in principle guaranteed by representativeness and certified by union membership. This criterion has favoured social partners over other groups with ill-defined organisational profiles, and still retains its relevance despite the decline of social partner organisations. In this sense, the way social dialogue is constructed is based on representation of interests allowing social partners to express autonomous views and contribute on behalf of the represented interests to the making of social Europe.

Nevertheless, the legitimacy of social partners has been increasingly called into question by a number of associations which set themselves up as representative of the social needs of the European citizens. By undertaking the initiative of enlarging the scope of interest representation, the EC acknowledges the necessity to fulfill the democracy deficit of the decision-making at the European level and to achieve a smarter mix of policy tools by encouraging the synergies between social dialogue, civil

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<sup>18</sup> European Commission, [http://ec.europa.eu/civil\\_society/interest\\_groups/docs/v\\_en.pdf](http://ec.europa.eu/civil_society/interest_groups/docs/v_en.pdf) (Accessed May 28, 2013).

dialogue and the Open Method Cooperation (OMC)<sup>19</sup>.

However, the European Commission defends the established rules of the social dialogue game by making a distinction between social dialogue carried out by representatives of trade unions and employers and civil dialogue performed by other interest groups in the EU. While social partners play their role in accordance with the rules of the TFEU<sup>20</sup>, the Commission applies minimum standards on consultation with all stakeholders. The new social agenda endorses social inclusion. To this end, proposals are put forward concerning the modernization and improvement of social protection based on the widest possible consultation of economic and civic representation. The recent social agenda takes account of the fact that groups of civil interest have gained more prominence in EU policy implementation, particularly in combating discrimination at the workplace. On these grounds, the consultation process must be based on “synergies between the social dialogue, civil dialogue and OMC in a comprehensive approach and a ‘smarter mix’ of policy tools”<sup>21</sup>.

## 6. Analysing Social Europe and IR

Despite the provision of a large amount of data, the establishment of observatories and the monitoring of social indicators, the cooperation between European institutions and academic research which characterized “Eurooptimism” is becoming less and less fruitful. Socio-economic research increasingly focuses on medium and long-term studies that help reconstructing the cycles of socio economic regulation in Europe as dependent on globalization impacts<sup>22</sup>. Comparison among different

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<sup>19</sup> European Commission, *Renewed Social Agenda: Opportunities, Access and Solidarity in 21st Century Europe*, Brussels, 2008.

<http://ec.europa.eu/social/main.jsp?catId=547> (Accessed February 19, 2013).

<sup>20</sup> Art.154(1)(2).

<sup>21</sup> European Commission, *op. cit.*, 15.

<sup>22</sup> In the new millennium the academic debate has to a large extent developed in response to the book by P. Hall, D. Soskice, *Varieties of Capitalism: the Institutional Foundations Of Comparative Advantages*, Oxford University Press, Oxford, 2001. See B. Hancké, *Debating Varieties of Capitalism*, Oxford University Press, Oxford, 2009; and C. Crouch, *Capitalist Diversity and Change. Recombinant Governance and Institutional Entrepreneurs*, Oxford UP, Oxford, 2005. Most European scholars have dwelled upon the institutions of socio- economic regulations in continental Europe, thus researching extensively on the experiences of tripartite regulations in social pacts. See M. Regini, *Social Pacts in the EC Report on Industrial Relations in Europe*, in M. Biagi (ed.), *Towards a European Model of*

systems of socio-economic regulations is making use of methodologies – such as Qualitative Quantitative Analysis<sup>23</sup> – which help provide stylised facts on the long-term trends.

In addition, many European agencies – e.g. EUROFOUND – are turning their attention towards short-term analyses in order to monitor the consequences of the crisis on employment and labour relations. Many of the numerous reports and surveys published by European IR Observatories draw on national reports based on questionnaires handed out to correspondents operating at a national level. Over the years, EUROFOUND has refined the methodology approach and focussed particularly on contingent problems. Yet comparison in the field of IR remains difficult because indicators are constructed in order to capture both quantitative and qualitative factors. Similar problems can be found in the EIRO reports. EIRO keeps updated information on what is happening in the MS and compiles annual reports on industrial relations and working conditions. The reports summarize the key issues covered by collective bargaining at national level, such as the different stages of the restructuring process and the impact of the crisis on labour relations and welfare indicators. They also discuss the main European trends in employment legislation and policy, and the progress made in terms of social dialogue. Nevertheless, cross-country comparison is often hindered by the mere description of different qualitative indicators employed in distinct MS which prevent the identification of “common interweaved interrelations and a dynamic between the levels”<sup>24</sup>.

While fiscal policy shapes overall socio-governance in Europe, employment relations are confined to short-term strategies which largely overlap with restructuring. The skeptical attitude shown by a limited number of social scientists in a time the ESM was very popular – e.g. in

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*Industrial relations?*, Kluwer Law International, 2001; see also M. Rodhes, *The Political Economy of Social Pacts. Competitive Corporatism and European Welfare Reform*, in P. Pierson (ed.) *The New Politics of Welfare State*, Oxford University Press, Oxford, 2001, 165-96; D. Natali, P. Pochet, *The Evolution of Social Pacts the EMU Era. What Type of Institutionalization?*, *European Journal of Industrial Relations*, vol. 15, n. 2, 2009, 147-166; S. Avdagic, *When Are Concerted Reforms Feasible? Explaining the Emergence of Social Pacts in Western Europe*, *Comparative Political Studies*, vol. 43, n. 5, 2010, 628-657.

<sup>23</sup> L. Baccaro, C. Howell, *A Common Neo-Liberal Trajectory: The Transformation on Industrial Relations in Advanced Capitalism, Politics and Society*, vol. 20, n. 10, 2010, 1-43.

<sup>24</sup> European Foundation for the Improvement of Living and Working Conditions, *European Works Councils in Practice*, Luxembourg: Office for Official Publications of the European Communities 2004, 21, <http://www.eurofound.eu.int/publications/htmlfiles/EF04109EN.pdf> (Accessed February 4, 2013).



the 1990s – is nowadays shared by an increasing number of researchers who welcomed the Social Protocol annexed to Maastricht Treaty, the European Directive No. 45/94 on EWC and the EES as expressions of a move towards IR Europeanization. However, hampering factors to this attempt were the IR persisting national identity of actors and socio-economic regulations – either in the form of legislation, customs or practices – and the low-profile approach purposely taken by interest organizations in Europe.

The attitude towards Eurooptimism resulted in a great deal of research on EWCs carried out by academics, the European Union and EUROFOUND. The scholarly work strongly supported the establishment and monitoring of EWCs as institutions, while qualitative research was also encouraged concerning their functioning, internal dynamics and evolutionary trends. The foregoing qualitative indicators, while confirming a weak European identity among employee representatives, also emphasized the contribution of EWCs to cultural exchange and mutual learning, which in the medium-term could lead to the bottom-up consolidation of IR Europeanization.

Unfortunately, cultural processes take place in the longer term, while crises blow up abruptly and do not have the same impact on people. Redundancies and unemployment originate in some countries more than in others, thus creating division among employee representatives and sometimes pushing negotiations at a national level. It has been frequently the case that this trends has affected the positive developments made in information and consultation. As highlighted earlier, the increase in knowledge resources to monitor and interpret restructuring<sup>25</sup> appears to be shaping the current IR development in the EU. However, it also points to the fact that workers' representatives in EWCs have gained experience in information sharing, mutual consultation and also in negotiating framework agreements in order to govern the processes of restructuring<sup>26</sup>.

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<sup>25</sup> Eiro, *European Commission Launches New Consultation on Restructuring*, 2012, [www.eurofound.europa.eu/eiro/2012/01/articles/eu1201041i.html](http://www.eurofound.europa.eu/eiro/2012/01/articles/eu1201041i.html) (Accessed November 28, 2012).

<sup>26</sup> See I. da Costa, V. Pulignano, U. Rehfeldt, and V. Telljohan, *Transnational Negotiations on Employment: Successes and Failures of EWC-Union Coordinated Strategies*, in M. Baglioni, B. Brandl (eds.), *Changing Labour Relations*, Peter Lang, Frankfurt, 2011.

## 7. Conclusion

What we learn from scholarly work is that the history of social Europe is extremely controversial, and that its recognized values stem from workers' rights legitimised at national level and taken as a shared benchmark for building European society. However, political leaders as well as social partners have a tendency to resist any form of devolution on sovereignty. Moreover, the objective of harmonising cultures and values became even more difficult after the accession of the new MS, their lower labour costs and reduced welfare provisions.

What remains of IR Europeanization? How can criticism be constructive and conducive to a new research agenda which might promote real socio-cultural innovation? To what extent can social dialogue institutions adapt their *modus operandi* and risk reforming their consolidated mode of policy-making? In its 2012 work program, the Commission acknowledged that its social strategies have fluctuated between two extremes. On the one hand, short-term strategies have been laid down which respond to the needs arising from the crisis. On the other hand, there is the necessity to tackle structural problems in a situation in which policy-makers, investors and citizens rely on the Commission to move beyond the present state and help shape prosperous and sustainable Europe for the years ahead. Creating sustainable growth, high levels of employment and a fair society are cited as key and ongoing priorities for the EU<sup>27</sup>.

Accordingly, there appears to be long-term projects and short-term consequences, yet in order to provide more robust responses to the crisis, the setting up of a research agenda becomes a matter of urgency. A baseline of inclusive minimum social standards should be planned, to be formulated by both social partners and NGOs. EU trade unions need to invest in a project which is able to amend some of the consolidated *acquis* of social Europe, the result of consensus between capital and labour.

A considerable number of national surveys on working conditions and research papers on social exclusion and sustainable development are already available<sup>28</sup>. They already provide a background for formulating

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<sup>27</sup> European Commission, *Program 2012: Delivering European Renewal*, 2012, [http://ec.europa.eu/atwork/pdf/cwp2012\\_en.pdf](http://ec.europa.eu/atwork/pdf/cwp2012_en.pdf) (Accessed May 28, 2013).

<sup>28</sup> See for example: the European Research Group, *European Social Model. Platform Proposal for a Better Economic and Social Cohesion*, Rome, 2009 [ec.europa.eu/citizens\\_agenda/social\\_reality.../docs/contrib109-1.pdf](http://ec.europa.eu/citizens_agenda/social_reality.../docs/contrib109-1.pdf), and the European Project GUSTO, *Meeting the Challenges of Economic Uncertainty and Sustainability*, [www.gustoproject.eu](http://www.gustoproject.eu) (Accessed November 30, 2012).

hypotheses on social needs and creating a research platform to assist social and cultural innovation of social partners and civil society, and supply new contents for solidarity. Aside from the state of inertia that affects many organizations, obstacles to this platform include the European cultural deficit, which is apparent in comparative research and statement on the part of social partners which nearly always refer to their national domains. Yet in harmonizing social research, European agencies could provide an important contribution to fill this vacuum.



# Adapt International Network



**ADAPT** is a non-profit organisation founded in 2000 by Prof. Marco Biagi with the aim of promoting studies and research in the field of labour law and industrial relations from an international and comparative perspective. Our purpose is to encourage and implement a new approach to academic research, by establishing ongoing relationships with other universities and advanced studies institutes, and promoting academic and scientific exchange programmes with enterprises, institutions, foundations and associations. In collaboration with the Marco Biagi Centre for International and Comparative Studies, ADAPT set up the International School of Higher Education in Labour and Industrial Relations, a centre of excellence which is accredited at an international level for research, study and postgraduate programmes in the area of industrial and labour relations. Further information at [www.adapt.it](http://www.adapt.it).

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