

**Social dialogue and European labour: a new scale of governance?**

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## **Introduction**

These are turbulent times in the field of European labour relations. Progress on what has often been termed the “social dimension” has been accompanied by a renewed concern with “social dialogue” between management and employee representatives at a European scale. Passage of the European Works Council Directive in 1994 (and its transposition into national law in 1996) has been heralded in some quarters as a further significant step on the road towards a European-scale labour relations environment. At the same time, new and apparently more participatory forms of organisation of production have emerged, in which management actively seeks employee identification with company objectives, rather than any broader sectoral- or national-level orientation. All this is taking place in a context where trade union membership densities have – by and large – continued a long-standing pattern of decline. Although the picture is uneven between different states, the extent of that collapse in union membership in many countries has been such as to suggest that the very concept of organised labour as an institutional actor has reached an historical turning-point.

This paper reviews these developments, addressing three main questions. Firstly, I argue that there needs to be more explicit consideration given to the links between competing forms of organisation of production, and their differing implications for the constitution of labour regimes in both the workplace and the labour market. This is not to propose that labour strategy can be somehow read off from production process, but that there needs to be a finer-grained analysis of the nature of the linkages between the two. Secondly, I suggest that many accounts of European labour market governance have been implicitly normative in character, and as such have tended to assume rather than demonstrate analytically that Europeanisation – the translation to a European scale of issues and debates previously conducted at national

scale – is a key aspect of current developments. In contrast, I argue that there needs to be more consideration given to the *process* of scaling – the ways in which particular labour market governance issues become associated with, and determined at, one geographical scale or another. That is to say, scale is not pre-given, but is itself socially constituted. Thirdly, I review recent work on trade union strategies as seen from a geographical perspective. Again, many such accounts stress a need for internationalisation on normative grounds. On what spatial basis, however, are labour relations actually constituted, and how does this relate to the ways in which union strategies are, and might be, formulated? Is it the case, perhaps, that class is inherently place-bound - and if so, what implications follow for trade union strategies and the re-scaling of labour relations?

These three sets of questions are addressed in the discussion below, following which key recent developments in the scaling of European labour relations – in particular the changing status of the European Trade Union Confederation, and the role of European Works Councils - are reviewed. I conclude on the need to re-connect analytically changing forms of organisation of production with the scope and potential of trade union strategy.

### **New forms of production, old questions for labour revisited**

Much contemporary debate on the reorganisation of production has stressed the significance of changing patterns of inter-firm relations. In so doing, many such accounts have tended to take labour for granted – to treat it as a passive commodity, without agency of its own. In a similar fashion, many accounts which emphasise the role of globalisation have first asserted that this is indeed a decisive process, and secondly gone on to assume that it carries necessary – and probably final – consequences for labour organisation (Wills 1998). This paper starts

out from a concern with the ongoing reorganisation of production, but seeks instead to consider and problematise it from the perspective of labour, without reducing labour to some kind of inert recipient.

Thus the approach adopted here is in accord with Peck's (1992) critique of the flexible specialisation thesis, which argued that the long-term sustainability of so-called "flexible" labour markets remained to be substantiated, and that the presence of institutional structures within which particular skills were socially constructed and reproduced was a necessary – but unexplored – condition for economic growth. By seeing the firm as an exchange mechanism rather than a production organisation, Peck suggested, the significance of labour control had been unduly downplayed. Similar arguments have been made with respect to other (also supposedly new) forms of organisation of economic activity. For instance Kato and Steven (1991) interpreted Just-in-Time production primarily as a means of cutting wage costs and controlling labour, and only secondarily as a collaborative mechanism for inter-firm transactions; whilst Sewell and Wilkinson (1992) charted the ways in which JIT factory regimes depended upon systems of surveillance which instilled workforce discipline and enhanced central control.

More generally, Hudson (1997) has argued that it is appropriate to conceptualise the ongoing reorganisation of production in terms of the ways in which different forms of activity *co-exist* rather than succeed each other over time. Many of these are experimental rather than finished products, particularly with regard to their strategies for the organisation and deployment of labour. In the present conjuncture, he suggested, many of the varied models of high-volume production in Europe and North America are based on an assumption that there will be no return to conditions of full employment. This poses a very difficult set of questions for trade

unions to address. In such an account, the task of analysis becomes not so much mapping new forms of managerial control over space (not least because it could be argued that globalisation is not a sign of capital's strength but rather of its inability to subordinate labour completely: see Holloway, 1995) as exploring the different ways in which past and present patterns of labour market activity set certain conditions and limits on what is and is not possible for capital and labour (see for example Sadler 1992, part II).

I return to the implications of these brief comments on competing forms of production, their differing relationship to (and degrees of embeddedness in) space, and their implications for labour relations, in the concluding comments. The next section explores some of the contours of recent debates concerning processes of labour market governance in Europe.

### **Labour market governance: Europeanisation, regionalisation and the national state**

At the beginning of the 1990s (and at the height of optimism over the EU's single internal market project, at least as seen from a neo-liberal perspective), Streeck and Schmitter (1991) argued that construction of the single European market had led to a breakdown of national corporatist systems of industrial relations, and their replacement by a looser form of transnational pluralism. By this they meant that previous nationally-focused practices of interest representation (and of dialogue between different parties) had broken down, but that there remained an institutional deficit at European scale. This was due to a number of factors, including the relative weakness of labour (as an institutionalised presence) at this transnational scale, as well as the lack of decisive business organisations with which labour could negotiate even if it was better organised. Nearly a decade later, many of the questions which they posed (both implicitly and explicitly) still have considerable salience. Has there

really been a collapse of nationally-focused bargaining systems? Is European transnational collective bargaining possible – and, to paraphrase Lecher and Platzer (1998), is it necessary, either to facilitate European integration or as a constitutive feature of a European social model? Or is it more appropriate to conceptualise emergent trends in terms of a regionalisation of industrial relations, at sub-national scale? This section explores these questions, seeking to unpick some of the normative assumptions from recent contributions to the debate.

Several authors have commented that a Europeanisation of industrial relations is at one and the same time both socially necessary and highly unlikely. For instance Visser and Ebbinghaus (1992, 207) argued quite plainly that “organised labour in Europe will have to become transnational, or it will not be part of the future”, concluding however that there were few signs of a remaking at the European scale of those features of an industrial relations system that was fast disappearing at the national scale. Similarly, Buda (1998) concluded that visions of trade unions as intermediary organisations at a European scale would remain pure fantasy for the foreseeable future, even if such a development might be highly desirable. On the other hand it has been suggested that recent developments in the field of European industrial relations – including the roles of the European Trade Union Confederation and of European Works Councils – represent a step towards a European labour movement, one built on networks of contacts and structures of representation rather than mass popular support. Such institution-building may constitute a “political opportunity structure” which facilitates the emergence of transnational mobilisation. If it does not, so it has been argued, the fledgling European labour movement is likely to remain limited in power and influence (Turner 1996).

Equally, others have argued that the decisive scale for a re-casting of labour relations now and in the near future is sub-national, at the level of the region. Such accounts are frequently grounded in a notion that it is at the regional scale that trust between management and employees can most readily be established, forming the backbone of a dynamic local economy. For example Locke (1990) described the development of geographically-delimited labour relations agreements in Italy, incorporating questions such as training and working hours (but not wages, which remained subject to national determination). He emphasised the enhanced significance during the 1980s of such “horizontal” structures of trade union organisation, able to respond to specific local and regional characteristics, detailing the case of the industrial district of Biella, in Piedmont (where 3,000 out of 5,000 firms, and 35,000 out of 44,000 employees were involved in the textile industry). There, unions and local business leaders had united in a “pact for development”, co-operating in the renewal of the region’s industrial capacity. It was also argued that this model – of local union structures, firmly embedded in regional economies – might be a viable organisational future for labour more generally.

In a similar fashion, Kern and Sabel (1992) explored the emergence of sub-contracting and out-sourcing arrangements in the West German automotive industry. They suggested that a new strategy for labour might productively entail a greater role for local level organisation. In co-operation with local firms and employers’ associations, unions should encourage and foster the growth of companies “crucial to the integrity of the regional economy ... [in] a kind of forward defence against the decentralisation of production and development to suppliers outside the region” (p 239). Thus in this view of the world, trade union futures lay as partners in a regional growth coalition; not so much a form of company unionism, as a

kind of regionalised supply chain/production complex unionism (see also CEC 1996<sup>1</sup>, Perulli 1993, Regalia 1998).

In their lament of transnational pluralism, Streeck and Schmitter (1991) took into consideration such possibilities, cautioning against the desirability of regional unionism from the point of view of labour. They argued that local capacity depended largely on national power resources, including labour law, and concluded that it was “not easy to see how the disabling effects on union movements of the erosion of institutional supports at the national level [could] be counterbalanced by unions turning to the regional level where such supports have never existed” (p 155). Similarly, Teague (1995) rejected the notion that national forms of labour relations bargaining could – let alone should – be replaced by regional systems. He argued that trust-based systems in which workers and managers were bound together by informal social norms of reciprocity might be evident in certain local communities, but that such processes were far from widespread. Nationally-specific labour market skill structures and occupational training practices persisted. Collective bargaining was still also about *connective* bargaining: the ways in which national states maintained an interface between national and local processes, even in the absence of appropriate, formally independent labour market institutions at the local level. Like Streeck and Schmitter, Teague argued that even if it were feasible, the expansion of regional systems would not be desirable, on the grounds that it would intensify regional inequality in Europe.

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<sup>1</sup> This wide-ranging report mainly described patterns of regional development and trade union activity in seventeen EU regions, but it did suggest three reasons why trade unions needed to take up a regional level of activity. These were the enhanced significance of regions in economic development policy as a result of EU regional policies; the extent of structural change in old industrial regions, former heartlands of many of the strongest trade unions; and the extent of competition between European regions for inward investment flows. Each of these implicitly rested on the notion of trade union involvement as a means to enhanced regional competitiveness.



Others have commented (in similarly normative fashion) on what a progressive European industrial relations model should look like. For example, Streeck (1992) suggested that a European system *might* be distinguished from those in the USA and Japan by a number of features. These would include publicly guaranteed status for independent trade unions; the formal and regular participation of such trade unions and employer organisations in policy-making; a relatively high “floor” of basic social rights for workers; co-ordination of wage settlements at sectoral level; and generalised arrangements for information-sharing and consultation. This common frame, he suggested, would help counter a tendency for enhanced competition between different (national) regimes within Europe. On the other hand he also argued that the prospects for such a European-level social settlement were very slender indeed; rather, a more likely prospect was an era of “institutional deadlock”, or at best one of “neo-voluntarism” in which industrial relations were enterprise-based, with little public policy intervention.

Streeck (1993) subsequently expanded on the objectives that such a European-scale system of industrial relations might seek to achieve. These included a high-skill, high-wage, high-equity European economy, built on the foundation of “social peace” at the workplace guaranteed by legal regulation. This he exemplified with respect to the German model of co-determination, which had to be imposed on employers by law (rather than emerge on the basis of implicit trust), even though the maintenance of “social peace” contributed to the overall competitiveness of German manufacturing. Otherwise, individual employers might have broken the trust between management and labour in order to improve their position with respect to other firms. In parallel fashion, Williams *et al* (1995) proposed a “social accounting” framework of analysis in which attention focused on the nature of competition

between different social settlements. These encompassed conventions about a range of labour market issues, including not just wages but also (for example) hours worked annually per employee. In this way issues of labour market regulation were held to be central to the nature of inter-national competition.

Such projections of what might be a desirable social model could rightly be criticised for their north European bias (Hadjimichalis 1994). I also wish to suggest that many recent accounts of the Europeanisation of labour relations have tended to *assume* the inevitability and/or the desirability of the fragmentation and/or hollowing-out of the national state. They have then gone on to explore, extol, or condemn such tendencies towards the re-composition of industrial relations and labour market governance at European and/or regional scales. At the very least, this is a case where prescription has run ahead of analysis. More fundamentally however, I contend that such accounts have lost sight of the very fact that scale is itself part of the process of contest and transformation.

There is of course little original in the observation that scale is socially constituted. The notion has been considered with respect to trade union strategy (Herod 1997a), and the re-scaling of the state has been explored by (among others) Swyngedouw (1996) in the context of the reconversion of the Belgian coalfield. Cox (1998) has argued that there is no necessary, pre-given logic through which any one issue is associated with a particular scale, although this begs the question of whether structural conditions – such as class relations – can be considered in the same way (see below). With MacLeod (1998), I argue that there needs to be more in-depth analysis so as to uncover the social processes and constituent relationships in the restructuring of governance, in this case of the labour market. (Re-)scaling should thus be seen as part of the problematic, rather than some kind of inevitable outcome. It is therefore

important to acknowledge the specific questions raised by the social construction of scale in the context of European labour market governance structures. First however, we need to consider the recent evolution of trade union strategies.

### **Strategies of labour**

At national level, there are clear signs that trade unions are in a state of crisis. Within the UK alone, there has been much debate over the extent of declining union membership, concerning both the causes of that collapse and (in part) its resultant geographical implications (on the latter, see Martin *et al* 1993; Massey and Painter 1989). Martin *et al* (1996) concluded that unions faced substantial challenges, not least the need to adapt to new participatory forms of production, which had intensified the relationship between some firms and their employees (and by extension weakened the affiliation between those employees and their trade unions) whilst distancing others, particularly those excluded from a core labour force. These challenges were also explored in a review of the future of trade unions (Employment Committee 1994) which identified five questions that needed to be faced: the costs and benefits of inter-union mergers, the provision of extra services to members, involvement in training, political activity, and partnership with management. More generally, Hyman (1996) provided an extended review of changing (national) union identities in Europe, distinguishing a number of competing ideal types. Martin *et al* (1996) also argued that there is a key role for local traditions in explaining divergent regional patterns of trade union membership. Thus the “attitude, expectations and behaviour of employees and employers in other industries in the region are influenced by the historical traditions and contemporary proximity of ... locally dominant industries and their workforces” (p 119). This notion of “regional industrial culture” is particularly important in the context of a

concern to specify more clearly the linkages between different forms of organisation of production and their implications for labour.

Despite the evident geographical significance of labour issues and national trade union strategies, there has been relatively little work within geography on these subjects, until very recently (see for example Herod 1997a, 1998a, Wills 1996; for an exception to this statement, see Clark 1989). Much the same could be said of *international* union strategies (though see Herod 1995, 1997b, 1998b; also Holmes and Rusonick 1991). For much of the recent past trade union internationalism was embroiled in the Cold War, subsequent to a split in 1949 which led to the creation of two rival organisations: the communist-backed World Federation of Trade Unions (WFTU) and the socialist International Confederation of Free Trade Unions (ICFTU). A third, much smaller body was Christian Democratic in orientation, becoming more secular in the 1960s and changing its name at this time to the World Confederation of Labour (WFL). Since 1989 there has been a fundamental transformation of trade union structures in eastern Europe, and a reorganisation of membership has taken place, with the WFTU losing several member organisations. In addition, there are a number of long-standing International Trade Secretariats, which act as transnational co-ordinating bodies at a sectoral level (on labour internationalism more generally, see MacShane 1992; Waterman 1997).

There are several implications which follow from this relative conceptual silence (see especially Herod 1995). One unfortunate consequence is that labour is portrayed as a passive recipient rather than active participant in processes of economic change. It is also frequently assumed that labour is condemned only to act sub-globally whilst capital is free to roam the world in pursuit of new opportunities. Whilst both assumptions are highly questionable, it is

however necessary to exercise some caution with respect to alternative interpretations which stress labour's latent international capacity.

There are many examples of the problems that even the most well-resourced national union structures have encountered in dealing with international issues (see for instance Teague 1989). There have of course been many examples of international labour co-operation perhaps increasingly facilitated in future by the ease of electronic communication, even if there are arguments that as yet there have been few signs of organised labour within Europe making a leap to prioritise European-scale issues (Ramsay 1995). What is at issue here however is not just the relative prevalence of such incidents, as the structural conditions under which labour relations agreements are constituted. Here, it remains the case that for most workers – and for labour more generally – class relations are structurally constituted with respect to place at the local, community or workplace scale (Hudson and Sadler 1983 1986). This is not to argue that this is necessarily always the case, still less that it should be – but to suggest instead that analysis needs to be much more circumspect in its consideration of the ways in which labour strategies are bound in place, and how they might be constituted at different spatial scales in future. As Hancké (1993, 596) put it, local context is significant because this is where union recruitment takes place, and this is where effective intervention in the politics of production is possible: “both arguments lead to the same conclusion: local union organisation matters”.

With this in mind, the following sections go on to explore two aspects of what has been proclaimed by some as a move to European-scale labour: the process of “social dialogue” involving the European Trade Union Confederation, and the role of European Works Councils.

## **European-scale labour? (1) “Social dialogue” and the European Trade Union Confederation**

The European Trade Union Confederation (ETUC) was established in 1973<sup>2</sup>. From the outset it faced a legacy of inter-union rivalry on national political grounds, although its membership grew steadily. Christian trade unions affiliated from 1974 onwards and the ETUC’s policy was that communist trade unions could be admitted provided that three conditions were fulfilled: there was no opposition from an existing affiliated national federation, the applicant cut its ties with the World Federation of Free Trade Unions, and it was formally independent from the Communist Party. On this basis ETUC membership grew steadily, although there were more fundamental changes after 1989, involving the accession of unions from central and eastern Europe. By the end of 1997 the ETUC had 63 national federations in membership from 28 countries, and 14 European federations (European-level sectoral organisations, also known as European Industry Committees), with a total of 58m members. It was partly backed financially by the European Community (to the tune of 4m ECU annually) enabling it to maintain a staff of around 50 individuals, making it one of the largest European-level interest group organisations (Greenwood 1997, 163-73).

In terms of organisational structure, the ETUC went through a number of significant reforms in the early 1990s, as it sought to tackle two questions in particular. Firstly, its two-tier membership composition – national federations and European-level sectoral committees –

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<sup>2</sup> Its predecessor was the socialist European Trade Union Secretariat, founded in 1958 (on the creation of the European Economic Community), which became the European Free Trade Union Confederation in the Community in 1969. A parallel Christian confederation was formed in 1958 which

evolved to a position after 1991 where the latter became partly incorporated within the ETUC rather than autonomous organisations. Thus it is now more clearly a European confederation of national trade union federations and less a collection of sectoral committees. Second – and perhaps more fundamental – is the issue of whether its objectives should be co-ordination of national-level action, aimed at convergence of national strategies; or supra-national action with a relatively high degree of autonomy (Goetschy 1996).

For much of its existence the ETUC has been lacking in internal cohesion, often in consequence taking a lowest common denominator position amongst competing national views. It was neatly described by Roethig (1995, 280-1) as a helpful means for national federations to influence EU policy-making, but an inadequate substitute for overcoming their lack of influence in the national arena. Thus the British TUC has backed the ETUC (having backed down from opposition to British membership of the European Community only in 1987) and most other north European federations have also supported it strongly, although the German DGB has at times been sceptical, given its relatively advantageous position within national labour market governance structures. In 1991 however – in a significant reform - the ETUC created an operational tier with powers to negotiate directly with employers' associations. Its present structure therefore includes a four-yearly Congress made up of delegates from affiliates in proportion to their membership (the next is due to be held in Helsinki in 1999), which elects the General Secretary; an Executive Committee (incorporating representatives from national federations and European Industry Committees)

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also re-grouped in 1969, whilst the communist French and Italian unions formed an international alliance in 1966 (see Visser and Ebbinghaus 1992, 215-9).

which meets four times a year; and a Steering Committee responsible for following up decisions of the Executive Committee<sup>3</sup>.

The 1991 reforms gave the ETUC the potential internal capacity and a partial mandate to negotiate with employers' organisations at a European scale. As such, it became at least possible to contemplate the prospect of European-scale bargaining over labour relations issues. There have been attempts at European-level negotiation in the past, notably with a series of six tripartite conferences held in the first half of the 1970s (from which the ETUC withdrew in 1978, complaining about a lack of real progress). The employers' organisation UNICE (the Union of Industrial and Employers' Confederations in Europe) however maintained a conscious policy of refusing to enter into meaningful dialogue with the ETUC throughout the 1980s, in an attempt to prevent the emergence of European-level bargaining procedures. In this way the development of a genuinely European scale to labour representation questions was stifled in its infancy by the deliberate disorganisation of employers' organisations at European level.

Moreover, the European Social Charter – adopted in 1989 by eleven of the EU's then twelve member states – was in several senses a disappointment for those seeking greater interest representation at the European scale, despite its origins (see Rhodes 1992; Silvia 1991). These lay in France in the early 1980s, with the CFDT supporting Mitterrand and Delors in promoting a “European social dimension” (partly in order to back up the Socialist

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<sup>3</sup> Other arenas of representation for labour at the European scale include the Economic and Social Committee, which has three categories of members: employers, workers, and other groups. Its role is however purely advisory in relation to the other EU institutions and its members are appointed by national governments to serve in a personal capacity, with little regard for questions of representation. There is also a trade union intergroup of Members of the European Parliament, with which the ETUC meets on a regular basis.



government's plans to reduce the length of the working week). It was also favoured by the DGB and by trade unions in Italy and Spain, although until 1987 progress within the ETUC was blocked by the TUC. In 1988 the ETUC adopted and began to campaign for a "Community Charter of Social Rights", arguing that adequate protection in the social dimension could only be possible through further legislative action at European level. Debate followed over this proposal – strongly backed by Delors – during the following year, with UNICE arguing that any resultant charter should not be legally binding but set a series of recommended minimum standards.

British intransigence on the issue – superficially unhelpful to the other member states, but in practice useful for some as a means by which the provisions could be watered-down, without expressing direct opposition – culminated in its opt-out clause. The other states agreed to the "Social Charter" (CEC 1989). This contained 47 proposals for action, but only seventeen of these were drafts for binding directives, and ten of these seventeen dealt with health and safety issues (whereas the Single European Market White Paper had contained proposals for over 300 binding directives). There were no provisions for the right to take industrial action or to bargain collectively at European level, as had been sought by the ETUC.

The Social Charter was subsequently incorporated into the Treaty of Maastricht as a "Social Chapter", or more formally the Protocol on Social Policy (signed in 1991), an annexe to the Treaty of European Union. The Social Chapter – also not adopted by the UK – enabled qualified majority voting to be used within the European Council on issues to do with consultation with workers, but unanimity was still required for issues to do with social security, labour market equality, redundancy, and representation of workers' interests, and it *excluded* issues to do with pay, the right of association, the right to strike or the right to

impose lock-outs<sup>4</sup>. More fundamentally perhaps, it also accorded the ETUC equal status with UNICE and CEEP (the public sector employers' organisation) as partners in a European "social dialogue".

In practice however this social dialogue continued to be heavily constrained. UNICE, CEEP and the ETUC have negotiated just two agreements, over part-time working and parental leave, both at the insistent prompting of the European Commission. In 1998 UNICE reacted to draft proposals made by the Commission over employee consultation (which would involve firms with twenty or more employees being obliged to set up procedures for consultation with their workforce over issues such as production, sales and redundancies) by refusing to enter into discussions with the ETUC. Just four of the organisation's 35 members – from the UK, Germany, Greece and Portugal – voted against such involvement, but even three constituted a blocking minority under UNICE's rules. Whilst UK opposition was unexpected, that of the German employers' federation – the BDI – was more surprising, reflecting the extent of concern within Germany over declining economic competitiveness. The commission's response was to announce that unless UNICE resumed – or re-started – the social dialogue, it would introduce legislation on the issue without consultation (likely to be more rigorous than that which would otherwise emerge). This forced UNICE to re-consider

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<sup>4</sup> The UK's opposition to EU social legislation continued with its campaign against the 1993 working-time Directive. This contained provisions to restrict the maximum working week (measured on average over a four-month period) for many workers to 48 hours, guarantee a rest day every seven days, and limit any one working day to thirteen hours at most, and provided for statutory rest breaks, annual paid holidays and limited hours for night-shift workers. The UK government strongly objected and took the issue to the European Court of Justice. In 1996 this case was defeated and the Commission's line – that it was able to introduce such legislation under the qualified majority voting provisions applicable to health and safety issues, as set out in the Single European Act – was upheld. In 1998 however the new government confirmed that whilst it would implement the working time

its position at a special council meeting, which subsequently voted to re-affirm its original stance.

Thus the ETUC has been legally acknowledged as a *potential* force in European-level labour relations negotiations. It remains the case however that employers' organisations are extremely reluctant to contemplate the possibility of meaningful collective bargaining at this scale, thereby limiting the extent to which that potential might be turned into practice. On the other hand, there have been substantial developments in terms of European-wide enterprise-based consultation mechanisms, the European Works Councils.

### **European-scale labour? (2) The role of European Works Councils**

European Works Councils (EWCs) form a second element in the potential re-scaling of labour relations in Europe. For some, EWCs offer the prospect of enhanced transnationalism on the part of labour, because they enable grass-roots activism to relate to European concerns. For others, the picture is more complicated, entailing consideration of the links between *European Works Councils* and pre-existing national systems, and of the ways in which work councils in general have proved to be a highly effective management tool rather than a means of advancing labour interests.

EWCs can be seen as part of a broader process of European workplace participation legislation, which has developed in three successive stages under a number of different European projects. These projects are to do with unified European industrial citizenship, a

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Directive, it would permit employers to negotiate opt-out arrangements with employees should they so wish.

unified European company law, and the defence of the integrity of national legal systems (Streeck 1997). The first phase, beginning in the early 1970s, aimed to harmonise national systems. Proposals were made for a European company statute in 1970 and 1975, whilst the 1972 Fifth Directive (on company law) proposed the creation of a two-tier system with an obligatory supervisory board including employee representatives. In a second stage, emphasis shifted from harmonisation to incorporation, and from company law to labour law. This was highlighted in the proposed 1980 Vredeling Directive on information and consultation rights at the workplace.

In the third and most recent stage however, co-ordination – as epitomised in the 1994 European Works Council Directive – has been the key objective. Much has already been written about the EWC Directive, and there is no doubt that it is an innovative and at least potentially transformatory institutional development<sup>5</sup>. The EWC Directive was (in theory at least) transposed into national law in September 1996 in fourteen of the EU's fifteen member states (excluding the UK) and in the three countries (Iceland, Lichtenstein and Norway) which made up the European Economic Area<sup>6</sup>. It provides for the establishment of an information-sharing forum in all firms with 1,000 or more employees with plants employing more than 150 people in two or more European states. The scale of this operation is large:

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<sup>5</sup> Although there is a relatively long tradition of voluntary European Works Councils, the first of which involved French companies. In 1985 the electronics group Thomson concluded a deal with the European Metalworkers' Federation in the European Community (one of the sectoral-level European Industry Committees) establishing the first ever EWC. This was followed by a similar agreement between the food manufacturer BSN and the European Committee of Food, Catering and Allied Workers' Unions in 1986 (see ETUI 1988, 21-27).

<sup>6</sup> In practice only four countries had officially completed the adoption of the necessary legislation (Denmark, Finland, Ireland and Sweden). In Austria, Belgium, Germany, the Netherlands, Norway, Portugal and Spain, transposition was in progress, but in five countries (Greece, Iceland, Italy, Lichtenstein and Luxembourg) there had been limited progress by this date.

one estimate is that 1,300 firms are affected, employing 15m people in Europe. On the basis of around 30 members for each EWC, some 40,000 employee representatives will be involved. The estimated total annual cost of EWC meetings is of the order of £80m (Lecher 1998).

EWCs have been hailed in some quarters as an opportunity for the fundamental re-scaling of labour relations. Others however have focused on the limitations, problems and practical difficulties. They pose two particularly significant questions. The first is the linkage between EWCs and previously-existing national systems of workplace consultation. The UK and Ireland are exceptional within western Europe (and in tune with the USA) in *not* possessing a dual pattern of worker representation (that is, at both national and workplace level). Elsewhere, some form of works council system – a group of representatives of workers within a workplace, with rights of consultation and participation in the organisation of production at that workplace – is commonplace (Rogers and Streeck 1994). Thus a key problem is the interfacing of these structures with the new EWCs. In Germany and the Netherlands, which have relatively sophisticated national works councils, there has been some concern over the potential erosive impact of EWCs on existing standards of worker representation<sup>7</sup>. This is often expressed in terms of the prospect of firms building company-centred personnel practices separated from national sectoral-level agreements (Streeck 1997).

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<sup>7</sup> Works councils were introduced in the Netherlands in 1950. They are obligatory in every undertaking with 35 or more employees and meet a minimum of six times annually. Their explicit purpose is to ensure the smooth operation of companies, in the interests of management and employees alike. Membership is restricted to company employees; full-time union officials are not eligible, although in practice trade union members make up a majority of employees' representatives on most work councils. In Germany, works councils are required by the 1951 co-determination and works councils legislation (although they have a longer tradition) in all companies that have more than five employees, increasing in size with the scale of the firm. Enterprises with 300 employees must have one full-time employee representative paid for by the company, and the number of such full-time

Secondly, EWCs can provide an effective management tool. That is to say, they fit well within a labour management strategy which seeks to emphasise participation and communication so as to intensify employee interest and identification with the company (see Ramsay 1997). Thus they can provide a contribution to the efficiency of an enterprise by fostering trust and aiding the diffusion of best practice, without necessarily delivering any obvious advantages for labour (other than the improved competitive position of the firm in question). Some 420 firms had already negotiated voluntary EWC agreements *before* the Directive came into force in 1996, as they sought to conclude agreements before binding legislation was enacted yet still take full advantage of the potential offered by EWCs<sup>8</sup>. Hence EWCs were described by Streeck and Vitols (1993, 46) as “interfaces within large companies between national industrial relations systems, which remain separate, fragmented, and exposed to the dynamics of regime competition in [an] integrating market”. Such a system has little to do with sectoral, let alone supra-national co-ordination, and a lot to do with highly firm-specific, decentralised bargaining practices.

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representatives increases with the scale of the company beyond this point. Members do not have to be trade union members although in practice around 95 per cent are. The works council objective is to work with the employer for the well-being of the undertaking. In companies with more than 2,000 employees, and in the coal and steel industries, employees also have the right to elect representatives to the company's supervisory board. In large companies works councils negotiate on issues of pay (see IPA 1996). In both countries these systems of workplace consultation and bargaining form the bedrock of national labour relations arrangements.

<sup>8</sup> In an analysis of 111 of these voluntary agreements, Carley *et al* (1996) found that 27 per cent involved firms based in Germany and 22 per cent based in France, whilst 14 per cent were from the UK (even though it did not sign up to the EWC Directive) and 8 per cent were from the USA. Two-thirds of the agreements were in the metalworking and chemicals sectors. Three-quarters had adopted the “French” model of a joint committee of management and employee representatives, chaired by the managing director, whilst one-quarter had followed the “German” model of a structure made up of employee representatives only, which met bilaterally with management. Trade union

## Concluding comments

There are strong indications that one component of the proclaimed re-scaling of labour relations to a European level – the notion of a European social dialogue – remains firmly opposed by employers' organisations, whilst a second looks more like part of a shift towards enterprise-specific, decentralised bargaining. That brings the argument back to where this paper started, with a concern for the nature of the links between competing forms of organisation of production, and their implications for labour relations. Thus, interpreting *scaling* as a socially-contested process throws light on the real extent and nature of the changes currently taking place in the field of European labour relations.

This is not to suggest that connections should automatically be made between generalised interpretations of change in the organisation of production – such as the proclaimed resurgence of industrial districts – and appropriate trade union strategic responses. Such an approach would be guilty of an erroneous presumption that certain forms of re-organisation of production hold a privileged ontological status – that they are, or are about to become, universal, and that analysis should start from this presupposition. What this does suggest, however, is that analysis needs to be much more focused on the precise ways in which labour strategies are bound in place and give rise to particular scales of action, and what potential there is for changing that scale of engagement.

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representatives were full members of 20 per cent of these EWCs, entitled to participate in a further 9 per cent, and listed invitees in a further 21 per cent.

Rather than presume that labour relations issues are being re-scaled upwards to the European level, let alone propose that this is desirable, it is evident that the national state presently remains a key focus of and for conflict, in terms of both the class relation between capital and labour, and within civil society. At the same time there are hints that decentralisation of labour relations – not to a regional scale, but within particular firms and workplaces - might be a decisive process, as collective bargaining is increasingly based at the level of individual companies (even if these firms are European-wide), or possibly even of supply chains. Thus further research needs to concentrate not just on the European scale, nor at the national, but on the combination of both of these with local and regional industrial cultures, and their intersection with particular workplace practices. In interpreting present trends and developing alternative possibilities, it is important not to abandon the local in the pursuit of a European agenda, nor to prioritise the regional in the absence of a clear sense of how a region's distinctive industrial culture relates to past, present and future labour strategies.



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