

Co-option or resistance? Trade unions and neoliberal restructuring in Europe

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The purpose of this article is to engage critically with recent scholarship that accuses European trade unions of having been co-opted into neoliberal restructuring within the EU. The article first demonstrates, through a focus on British and German unions, that even if they have accepted economic and monetary union as such, trade unions still reject its underlying neoliberal rationale and demand changes to its operation. Then an analysis at the European level shows how trade unions have potential strategies at their disposal that allow them to counter restructuring, with specific reference to the European Metalworkers' Federation and the European Federation of Public Service Unions.

Introduction

Since the mid-1980s, the European Union (EU) has been restructured along neoliberal lines. This is expressed in the deregulation and liberalisation of national economies within the internal-market programme, as well as by economic and monetary union (EMU), which instructs the European central bank (ECB) to make price stability its sole primary objective and constrains member states' fiscal policy through the neoliberal convergence criteria of the stability and growth pact (SGP). The flanking social measures of the social dimension do not change this fundamental neoliberal direction (Bieler, 2006b). Bastiaan van Apeldoorn calls this

arrangement ‘embedded neoliberalism’, which is mainly pushed by social class forces of transnational capital (van Apeldoorn, 2002). In its enlargement into central and eastern Europe, the EU exported an even more market-radical variant of neoliberalism to the new member states, which were not granted immediate labour mobility and full access to the EU’s redistributive policies (Bohle, 2006). Restructuring of the European social relations of production has gone hand in hand with similar developments in the global political economy. Neoliberalism gained prominence in the 1970s as a political-economy critique of Keynesianism, and was implemented in the USA and the UK as a programme of restructuring during the 1980s before being accepted as a hegemonic creed at the global level during the 1990s, spreading to every part of the world with the help of international organisations such as the IMF (Gamble, 2001). The exact way in which the social relations of production have been restructured differs from country to country, and may include neoliberal policies such as privatisation, central-bank independence, liberalisation, the flexibilisation of the labour market, public-sector restructuring and the cutting back of trade union rights. Nevertheless, as Blyth makes clear, all neoliberal restructuring projects are based on the core assumptions that: 1) inflation is a greater threat to economic development than unemployment; and 2) that state intervention causes unemployment and inflation in an otherwise efficiently functioning, free-market economy (Blyth, 2002: 147).

The pressures resulting from neoliberal restructuring are unevenly distributed in the EU. While capital has gained flexibility and new room for manoeuvre, states have given up the possibility of being able to stimulate the national economy via currency devaluations and the lowering of interest rates. Moreover, the introduction of the single currency in combination with the deregulatory and monetarist bias of EMU, as well as the lack of social re-regulation at the European level, facilitates the comparison of different national systems of industrial-relations regulations. As a result, workers—and trade unions as their institutional expression—are most under pressure. Workers in regions with lower levels of productivity may be pressed to accept lower wages and cutbacks in their working conditions as the only possible adjustment mechanism left in the struggle to remain a competitive location for industry and foreign direct investment. ‘This may

happen even without asymmetric shocks, insofar as employers (and governments) seek price advantages, no longer attainable by currency depreciation, through wage and benefit cuts instead' (Martin & Ross, 1999: 345). In short, due to broad deregulation and liberalisation within the internal market and EMU, there are general pressures to lower conditions and to make labour markets more flexible. 'The logic of "regime competition" ... has become a main feature and a driving force of current industrial adjustments within the European Union' (Bieling, 2001: 94; see also 103). Moreover, with economic decisions increasingly taken at the supranational European level as well as within companies, trade unions' traditional position of influence on policy-making at the national level has been undermined.

In response to further European integration around neoliberal restructuring, trade unions have regularly responded with a 'yes, but' position (Dølvik, 1999). They have supported further integration, but demanded the development of a related 'social dimension'. This strategy has not led to significant changes in the predominant neoliberal rationale of integration. In fact, the EU has frequently used employment and social policies to justify even further neoliberal restructuring (Schulten, 2006). Hence it is often alleged that the 'yes, but' trade union strategy has resulted in a kind of symbolic 'Euro-corporatism', in which unions can participate in discussions without having the chance to make a more significant impact on individual proposals (e.g. Ryner & Schulten, 2003). As Taylor and Mathers (2002: 54) have put it, 'the "social partnership" approach that dominates the thinking of leading members of the European labour movement amounts to a strategy that not only further abandons the autonomy of the labour movement but confirms the logic of neoliberalism through "supply side corporatism" or "progressive competitiveness"'. Thus trade unions are accused of having been co-opted into neoliberal restructuring and, therefore, being of no importance to anti-neoliberal movements. In this article, I will evaluate these claims and argue that trade unions are too quickly written off as possible actors of resistance. The next section will show that German and British trade unions, for example, including those supporting EMU, have not accepted neoliberal restructuring. The article will then go on to identify strategies at the European level that allow unions to resist neoliberal restructuring.

Trade unions and neoliberal restructuring

Considering the negative implications of neoliberal restructuring for trade unions (see above), why have many trade unions supported the revival of European integration around neoliberal restructuring?¹ Bieling (2001: 100) identifies three core reasons as to why trade unions accepted the internal market. First, against a background of economic recession and the rise of the neoliberal discourse in the early 1980s, unions had already accepted that deregulation and privatisation were economically beneficial, or at least unavoidable, before the internal-market programme was initiated in 1985. Second, there was an optimistic view that the internal market was a step towards a political union that would also include a social union, comprising the necessary re-regulation at the European level. Third, the presence of Jacques Delors as president of the Commission, and his emphasis on the necessity of a social counterpart to economic integration including the participation of trade unions in European politics, convinced unions to support the internal market. Acceptance of EMU and the institutionalisation of neoliberalism in the convergence criteria together with the establishment of the ECB, with its focus on price stability and the lack of democratic control of it, was more difficult for unions. In the end, given unions' political weakness during the economic recession in Europe in the early 1990s and the small gains of the social chapter, trade unions accepted the Maastricht Treaty (Bieling, 2001: 105). This support was not uncritical but followed a 'yes, but' approach. European integration was supported as such, but additional social-policy measures were demanded. As indicated above, it is precisely this attitude that led to accusations that trade unions had been co-opted into neoliberal restructuring.

It is argued here that such assessments write off trade unions too quickly as possible actors in the resistance to neoliberal restructuring. The 'yes, but' attitude should not be regarded as acceptance of neoliberalism as such. European politics is all about class struggle, and unions simply could not match the structural power of capital, nor challenge the dominant discourse of neoliberalism at the time. A detailed analysis of the Austrian, British, French, German and Swedish labour movements has demonstrated that the vast majority of unions, including those that have accepted EMU, continue to resist neoliberal restructuring (Bieler, 2006a). For example,

German unions criticise the neoliberal implications of EMU as represented in the convergence criteria, and the ECB's exclusive focus on price stability. Unions generally demand active employment policies at the national and European level and a more flexible interpretation of the convergence criteria, with some even wanting to add an unemployment criterion to demonstrate a stronger emphasis on employment and growth. Additionally, some unions also mention wage increases in line with inflation plus productivity increases in order to ensure domestic demand, and tax harmonisation to avoid regime competition within the EU. These arguments are based on the understanding that employment cannot only be achieved through structural measures, but also requires demand management. Public investment in European-wide infrastructure programmes is one possible way forward in this respect (Bieler, 2003a: 34-6). In Britain, criticism of the neoliberal EMU is even more outspoken. Trade unions such as Amicus, which organise workers in export-oriented and transnational manufacturing, are in favour of EMU membership. Their industrial sector has suffered from the high sterling exchange rate with the euro, and EMU membership would remedy this problem. But on the other hand, unions organising workers in national production sectors, like the public-sector union Unison, strongly oppose EMU since it would limit national expenditure on public services and have a negative impact on growth and employment levels. The lack of democratic accountability in the ECB is also highlighted. These criticisms are echoed by general unions such as the GMB, which organise workers in the public and manufacturing sectors and therefore understand the relevance of both positions (Bieler, 2003a: 31-4). The rejection of EMU membership due to its neoliberal bias clearly indicates the opposition to neoliberal restructuring by national production-sector unions in Britain. However, unions in the transnational sector also continue to oppose neoliberalism. As Strange outlines, British pro-EMU unions have always demanded, as a precondition for their support, an expansion of the EU's macroeconomic competence and a focus on high levels of employment (Strange, 1997: 21-3). In order to facilitate this, they have adopted Euro-Keynesian macro-economic management as a new project, based on an ultimately centralised fiscal and monetary policy in a federal union, and combined with EU social-partnership industrial relations (Strange, 2002: 356-7). In short, these brief examples

of German and British unions indicate that trade unions continue to question neoliberal restructuring. At the same time, it has also become increasingly clear that the national level no longer suffices as the focus for opposition to neoliberalism. The next section will assess the possibilities available at the European level for trade unions to influence policy-making within the EU.

Trade unions and the European Union

At the European level, most national union organisations are members of the European Trade Union Confederation (ETUC), which claims to represent about 60 million workers in 36 countries. Furthermore, there are eleven European Industry Federations (EIF) representing national unions from certain industries, such as the European Metalworkers Federation (EMF) and the European Federation of Public Service Unions (EPSU). Within the EU, 'the Commission's role in drafting legislation, together with its interdependencies with outside interests, make it the foremost venue for outside interests' (Greenwood, 2003: 30). Trade unions have particularly close contact with the directorate general (DG) for employment and social affairs. Overall, however, the Commission has twenty-three DGs, and not all DGs are equally important. The DG for competition and the DG for economic and financial affairs are more influential within the EU, and together with the DG for the internal market and the DG for trade they form the hard core of the Commission, driving the neoliberal project through the discourse of competitiveness (Rosamond, 2002). Trade unions' focus on the DG for employment and social affairs has often marginalised them within the Commission's internal decision-making process.

Multi-sector social dialogue has been one of the core avenues for the ETUC to influence policy-making in the EU since the Maastricht Treaty in 1991. Should the ETUC and its employers' counterpart UNICE agree on a particular issue, that agreement is passed to the Council of Ministers, which makes it into a directive without further discussion. Initial successes include the parental-leave directive in 1996 (Falkner, 1998). Overall, however, the significance of the social dialogue should not be exaggerated. To date, it has concluded only a few agreements establishing minimum standards (Greenwood, 2003: 68). The agreement on teleworking in 2002 is purely voluntary, and its implementation is not part of an EU directive

but remains the task of the social partners themselves (Eironline, 2002). The same is the case in relation to the latest agreement on work-related stress (Eironline, 2004; also see Keller, 2003: 415–17). Moreover, the areas covered by the social dialogue are compartmentalised and do not include issues about the general macroeconomic direction of the EU. More fundamental issues such as the right to strike, the right to association and wage bargaining have been excluded from European competencies (Greenwood, 2003: 150). Sectoral social dialogue is hardly developed—see Keller (2003: 418–23) for an overview—and European works councils could prove divisive for trade unions (Martin & Ross, 1999: 343–4). In short, trade unions are clearly structurally disadvantaged in the EU institutional setup, which confirms the suspicions of those who are sceptical of the benefits of a social-partnership strategy at EU level. Nevertheless, there are also examples in which trade unions have successfully managed to develop strategies with the potential to overcome this situation.

The European Metalworkers' Federation (EMF) has developed a system of coordinated national collective-bargaining rounds in its sector at the European level, in order to avoid the danger of social dumping through the undercutting of wages and working conditions between several national industrial-relations systems. It tries to ensure that national unions pursue a common strategy of asking for wage increases according to the formula of 'productivity increase plus inflation rate' (Schulten, 2005: 274–89). The coordination of bargaining has the following three advantages: 1) it does not rely on counterpart employers' associations, which are often unwilling to engage in meaningful social dialogue; 2) the disadvantaged position of trade unions within the EU institutional framework is of no consequence, since inter-union coordination does not rely on agreement with EU or national institutions; and 3) this strategy allows national differences—often cited as the core reason as to why European-wide union cooperation is impossible—to be taken into account. If productivity is lower in one country than another, then the wage-increase demands in the one will be accordingly lower than in the other.

The European Federation of Public Service Unions (EPSU), whose affiliated national unions organise workers in the civil service from the local level to European government, as well as in the health sector and general utilities such as energy and

water—that is, the traditional public sector—provides another example of an innovative union strategy at the European level (Bieler, 2005: 475–7). Confronted with intensified neoliberal restructuring as a result of the services directive, initiated by the Commission in order to deregulate and liberalise national public sectors, as well as the negotiations of a general agreement on trade in services (GATS), it has struggled to preserve a system of integrated public services within EU member states. EPSU has engaged in lobbying EU institutions, and in holding discussions with employers' associations. EPSU's most innovative strategy is, however, its increasing cooperation with other social movements. In relation to GATS, EPSU participated in demonstrations organised by Belgian unions and ATTAC to keep public services out of GATS (9 February 2003). Furthermore, it took part in the European day of national action on GATS and public services organised by the European Social Forum on 13 March, as well as the ETUC European day of national action for a social Europe on 21 March 2003. This link with other social movements is also visible in relation to public procurement. EPSU and several other European industry federations cooperated with a range of environmental and other social movements such as Greenpeace Europe and the 'Social Platform'—itself a network of European NGOs promoting the social dimension of the EU—in lobbying the EU Council of Ministers to amend the draft directive on public procurement towards the inclusion of social, ecological and fair-trade criteria in the award of public-procurement contracts (Coalition for Green and Social Procurement, 2002). In short, EPSU has formed close alliances not only with other trade unions but also with wider social movements in order to broaden the social basis of the struggle against the neoliberal restructuring of the public sector.

Trade unions and the future of the European Union

The example given above indicates that trade unions are not the only organisations engaged in the struggle against neoliberal restructuring at the national, regional and global levels. A range of cross-national grassroots movements has emerged from below, challenging the neoliberal course of the EU; and the European Social Forum (ESF) has emerged as a crucial place in which these movements and unions can meet in resistance to neoliberal restructuring in Europe and beyond. From 6 to 10 November 2002, European 'anti-globalisation' movements

including trade unions, non-governmental organisations and other social movements gathered in Florence, Italy for the first ESF. In 400 meetings, around 32,000–40,000 delegates from all over Europe and 80 further countries debated issues related to the three main themes of the forum: ‘Globalisation and [neo-]liberalism’; ‘War and peace’; and ‘Right–citizenship–democracy’. The ESF culminated, on the afternoon of 9 November, in one of the largest anti-war demonstrations ever, when 500,000 protestors according to police estimates, almost 1 million according to the organisers marched peacefully through the streets of Florence in protest against the impending war on Iraq (Bieler & Morton, 2004). Clearly, there were differences between the various social movements, established trade unions and new, radical unions. While established trade unions continue to focus on ‘social partnership’ with employers and state representatives in order to assert the demands of their members, radical trade unions emphasise the importance of bottom-up organisation, with a focus on strikes, demonstrations and cooperation with other social movements in order to broaden the social basis of resistance. Moreover, tensions also exist between trade unions and social movements. While the latter are rather sceptical of trade unions’ hierarchical internal organisation and unions’ commitment to confront neoliberal restructuring, the former question the representativeness and internal accountability of social movements. These differences, however, should not lead us to overlook the commonalities between the movements, and their resulting possible joint activities. Despite different structures and strategies, all the movements present at the ESF identified neoliberal globalisation—in its economic, deregulatory form as well as in its militaristic version (as embodied in the war on Iraq)—as the main target for resistance. Hence a convergence of opinions emerged around several areas for joint activities, including a call for worldwide demonstrations against the impending war on Iraq on 15 February 2003, as well as joint activities in defence of the public sector against neoliberal restructuring. Similar cooperation efforts were initiated and/or deepened in relation to the demand for a European minimum income and the combating of tax evasion, as well as coordinated demands for the introduction of a Tobin Tax on currency speculation (Bieler & Morton, 2004: 312–19). While the second ESF in Paris in November 2003 was a disappointment as far as cooperation between social movements and trade unions was concerned, renewed efforts were made at the third ESF in London in October

2004. British trade unions, particularly, were out in force for the first time. Moreover, resistance to neoliberal restructuring in general and the privatisation of public services in particular were still the main priorities that brought together this wide range of different movements (Bieler & Morton, 2007).

Of course, neither social movements nor trade unions are part of counter-neoliberal movements by default. The tensions visible at the ESF meetings were also apparent at the recent World Social Forum (WSF) in Nairobi in January 2007. On the one hand, there was a group of established trade unions connected to the International Trade Union Confederation (ITUC) and several NGOs. They used the WSF to launch their Decent Work campaign, whose goal is to achieve 'decent work' for all through the strengthening of tripartite relations and the lobbying of governments and international organisations. On the other hand, more radical trade unions together with social-movement activists were working towards establishing a 'Labour network on and in the World Social Forum process'. Here, it was argued that in order to respond to the vicious attack on labour by neoliberal globalisation and challenge capitalism more fundamentally, new alliances of forces would be necessary, including between unions, social movements and intellectuals. Tripartite institutions were rejected as being conformist with exploitative capitalist social relations of production. While both the ITUC and the Labour network group were present in Nairobi, there was little interaction between the two, and no agreement over the best way forward (Bieler, 2007). At the European level, a recent analysis of Swedish unions and their positions on EMU has made it clear that confederations and transnational sector unions have started to accept core neoliberal assumptions—that the main focus of policy, for example, should be on low inflation, and that wage formation is responsible for a stable economy—against a background of economic growth, falling unemployment and re-established collective bargaining at the sectoral national level. Hence they are much less committed to European-wide, counter-neoliberal strategies (Bieler, 2003b). Moreover, eastward enlargement has introduced the danger of deep divisions between western-European and eastern-European trade unions over the issue of the free movement of labour. It was western-European trade unions that, through the EU's economic and social committee and in response to research by the ETUC, as well as through pressure from the German DGB and Austrian ÖGB on their respective

governments, pushed successfully for a transition period of up to seven years in relation to the free movement of labour in order to protect jobs in their countries. As Bohle and Husz make clear, this political victory based on a lack of transnational solidarity may turn out to have disastrous consequences for labour in general, in that it may result in long-term divisions between the eastern and western labour movements, and thereby weaken European labour overall (Bohle & Husz, 2005: 108–9).

To conclude, many trade unions continue to contest neoliberalism and are, therefore, potential participants in the wider movement of resistance against restructuring. This participation is not automatic, however, but must be fought for. Ultimately, it will be crucial for trade unions, transformed into more inclusive organisations (Panitch, 2001: 368–70), to work together with social movements in order to stem the neoliberal Anglo-American model and to re-establish a European social model of capitalism. This would provide a combination of traditional organisational structures with developments from below, creating the kind of large, powerful movement necessary for the challenge of resisting neoliberal restructuring at the national, European and global levels.

Notes

1. The empirical part of this article is informed by a neo-Gramscian perspective. For an outline and critical engagement with this perspective, see Bieler et al. (2006).

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