

Jon Erik Dølvik

**NORDIC TRADE UNIONS AND
THE SOCIAL DIMENSION OF
EUROPEAN INTEGRATION**

**Towards Europeanisation
or Renationalisation of
Trade Union Strategies?**

FAFO-paper

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European Integration**

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Preface

The shaping of European labour policies and development of trade union cooperation across national borders are controversial and long term projects. Apart from Denmark who is already a member of the European Community, Sweden, Finland and Norway have applied for EC membership. Among Nordic trade union members, however, there is considerable scepticism and uncertainty towards EC integration. Scandinavian trade union debates may therefore prove decisive for the outcomes of the national referenda to come, and, thus, for the EC enlargement process.

In this context, there is an obvious need for information and knowledge about European labour policies within the Nordic trade unions. Moreover, within the European Community knowledge about Scandinavian trade unions and systems of labour relations is limited. The intent of this working paper is therefore twofold: 1) To summarise some of the issues and problems associated with the development of transnational trade union and labour policies at the EC level. 2) To present some of the major concerns and policies of Nordic trade unions in this area.

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1 Introduction

The Scandinavian¹ countries are often referred to as outstanding examples of advanced welfare states with strong and integrated trade union movements playing decisive roles within a system of cooperative and centralised industrial relations. In the early 1990s the Nordic unions are facing new challenges linked to economic internationalisation and European integration. Many Nordic unionists fear that these processes will undermine union power and contribute to erosion of the Nordic systems of labour relations. These concerns are fuelled by the severe economic crises and the political changes taking place in Finland and Sweden, fundamentally challenging the vision of a Nordic Model as such.

Within the trade unions, Nordic participation in the Single Market via the European Economic Area (EEA) has predominantly been perceived as an economic necessity. Except for Denmark, however, a majority of union members tend to reject EC-membership. Thus, the EC-issue has strengthened conflicts along regional, sectoral and political lines within the Nordic trade union movements. Consequently the fairly EC-positive trade union centres are confronted with delicate strategic choices over how to handle the question of EC membership. The outcome of the Nordic union debates may prove to be decisive for the planned referendums in 1994/95 and subsequently also for the process of EC enlargement.

The purpose of this article is to summarise some of the options and the strategic concerns of Nordic trade unions associated with the development of transnational trade union and labour policies at the EC level. How do the trade unions perceive the possible impact of EC-integration on Nordic systems of industrial relations, and how might the Nordic trade unions contribute to the development of industrial relations at the European level? These are indeed very wide and complex questions; my intent here is not to present any comprehensive analysis, but to identify some of the central determinants and issues facing the Nordic trade union policies in this area.

2 Continuities and Change in the Nordic Model of Labour Relations

¹ In the rest of this article I will use the term Nordic countries as a synonym for Scandinavian countries. I will predominantly focus the situation in Sweden, Norway and Denmark. To the extent that Finland and Iceland in some respects, especially concerning the political frameworks, deviate from the common Nordic pattern of industrial relations, I excuse for not commenting on this extensively.

Despite the fact that labour relations in western Europe show significant diversity, the notion of a distinct Nordic Model of industrial relations is widespread. In contrast to, on the one hand, British industrial relations, characterised by an autonomous, non-legally binding system of decentralised collective agreements and relative absence of state intervention, Nordic industrial relations are marked by a higher degree of centralisation, institutionalisation and political embeddedness. On the other hand, the Nordic systems are distinguished from the German Model, by a lower degree of legal regulation, a strong legacy of self-regulation between the social partners and the influential role of unions at workplace level. Although complemented by fairly extensive labour law, the constitutional rules of conduct regulating collective bargaining and disputes are laid down in autonomous Basic Agreements negotiated by the central organisations in the industrial arena.

The roots of these structural similarities can be traced in a partly parallel development of severe industrial conflicts and class struggle in the early 20th century, leading to "Historical Class Compromises" and conciliation expressed in the Peace-duties of the Basic Agreements established throughout the century. The Danish so-called September Compromise of 1899 was the first Basic Agreement in the world. Norwegian and Swedish counterparts were ratified in 1936 and 1938 respectively, while Finland caught up later in the 1960s (Kjellberg 1992). An important feature of the Historical Compromises were the acceptance of the employer prerogative and the capitalist form of production, complemented by the commitment of emerging social-democratic governments to provide growth and full employment.

Despite the Post-war tradition of cooperative self-regulation, the state has played a significant role in industrial relations, notably through extensive contributions to central pay rounds (income policies) as well as by statutory reforms of welfare and employment policies. Especially in Denmark and Norway state mediators have played a central role in the bargaining process, and mediated settlements have often been transformed into law. In Norway compulsory arbitration is frequently utilised to control 'break-out' actions of unions outside the LO framework (Stokke 1993).

Cooperation between labour and capital has thus been complemented and facilitated by a strong state presence in industrial relations, which has provided a framework of generous public welfare and full employment policies. In this respect there are certain parallels to be traced to the Dutch and the Belgian systems of labour relations, yet with the important difference that Nordic welfare policies have been universally accessible to all citizens, not only to those in the labour force. As financing of the social policies to a large extent has been channelled through the general tax system, the burden of indirect labour costs borne by labour and capital has been more limited than in most continental countries. This has helped to ease the inevitable tensions over social redistribution and equality between the social partners. Moreover it has helped to encourage close cooperation between trade unions and political actors, leaving considerable flexibility to the unions

in choosing between collective bargaining and political strategies as means to obtain social progress, according to shifts in the balance of power. As in Belgium, a striking feature of the system is the close interaction between collective bargaining and legislation in the shaping of Nordic labour relations. The social partners have been involved in an extensive web of advisory public bodies dealing with nearly every aspect of employment policies. From a union point of view, an essential precondition for the advantageous functioning of this system from a union point of view, has been the long-lasting political hegemony of the social democracies notably in Sweden, Norway and Denmark. Faced with the decline of the labour parties and increasing constraints on public expenditure, however, the former successful reliance on political strategies may now become an achilles heel for the unions. A vital question is thus to what extent the Nordic trade unions are capable of adapting to conditions where they will increasingly have to rely on their own bargaining strength and political credibility.

To complete this sketch of Nordic labour relations, one should also underline that:

- The regulation of rights, duties and conflict settlements concerns primarily collective actors and institutions, rather than individuals (as in many European countries);
- Legal minimum protection plays a limited role, and in Sweden, Norway and Denmark generalisation of collective agreements by law ('erga omnes'-procedures) has been exceptional;
- The central union confederations enjoy a powerful role in a three-tier bargaining system, having enabled them to pursue 'solidaristic' wage policies and to engage in binding political exchanges with the state;
- The power of the central organisations has been counter-balanced by industrial and workplace union bargaining as well as grassroots ballots to ratify central collective agreements. Thus Nordic labour relations have been characterised as both more centralised and more decentralised than most other European systems (Kjellberg 1992);
- The union role at workplace level has been promoted by labour legislation securing a uniform system of union representation at board level (codetermination), in cooperative committees, and in bodies dealing with health and safety issues; and
- The expansion of the public sector has provided generally high levels of employment as well as female labour opportunities for market participation.

A vital precondition for the functioning of the Nordic systems of labour relations has been the high degree of integration and organisation on both sides of industry. With the former exception of Finland, the trade unions have been politically unified, with close links (and even collective affiliation) to the social-democratic parties. The union density rates (participation rates) in the Nordic countries are considerably higher and more stable than in most European countries: 85% in Sweden, 73% in Denmark, 72% in Finland, and 57% in Norway (Visser 1991). An

important factor contributing these high union density rates is the fact that unemployment benefits have been organised by the trade unions; the exception is Norway which has an accordingly lower degree of unionisation. But it is also true that the unions' organisational structures vary across the Nordic borders. A higher degree of craft unionism in Denmark and heterogeneous white-collar unions outside the LO-framework in Norway have caused a more fragmented bargaining picture and may have contributed to the more extensive state intervention in these countries. Moreover, the growth of occupationally/professionally oriented public sector unions joining together in cartels, tends to challenge the hegemonic rationale of manual, private industry unions within the central organisations. Thus, growing rivalry and tensions along sectoral lines can be observed. In response to leapfrogging wage settlements and the fragmentation of the bargaining systems throughout the 1980s, attempts to reform the organisational structure have been made in all the Nordic countries. The overall rationale of these reforms has been to combine deployment of tasks to lower level units with concentration through mergers and cartels, but in practice the outcomes have not matched the ambitions so far.²

Despite the ideal-typical similarities described above, the concept of a distinct Nordic Model has been questioned from both a theoretical and an empirical point of view (Mjøset 1992, Kjellberg 1992). Not only do the economic-political structures,³ the extent of juridification and union integration, and state intervention all vary substantially across the Nordic borders. Many of the "corporatist" features often considered to distinguish the Nordic Model can also be found in other European countries such as Austria, Germany and the Benelux countries. Particularly in Norway and Denmark, the pronounced legacy of autonomous self-regulation (similar in some ways to the voluntarist British tradition) is often counteracted by interventionist practices.

More important though, is that current changes in the Nordic countries tend to aggravate the discrepancies between the ideals and

² Both in Norway and Denmark recently, comprehensive organisational reform plans have been blocked by resistance from single unions, protecting their autonomy.

³ Where Sweden is a highly industrialised export country with a number of strong multinational companies, Norway is heavily dependent on raw materials (oil, fisheries, waterfall energy); Iceland is dependent on fisheries; Denmark is characterised by a strong agribusiness sector; and Finland is struggling to survive the collapse of industrial export markets to the former Soviet Union. Nevertheless, with as much as 70-80 percent of their exports going to the EC-area, the Nordic countries are competing with each other for European markets in a number of sectors, notably in the chemicals, shipbuilding, fisheries, timber and paper production. Hence, despite considerable intra-Nordic trade, the Nordic countries are often characterised as somehow parallel export enclave economies, rather than as an integrated economic area. These structural differences may contribute to understanding the difficulties in promoting Nordic integration as an alternative to European integration. Moreover, it helps to explain the disturbing effects of the 1992 currency turmoil, leading to radical depreciation of Swedish and Finnish currencies, especially to the detriment of Norwegian exporters.

realities of the Nordic Model. The pressures for transformation do point towards increased diversity, rather than uniformity of Nordic labour relations. Nonetheless, within the union movement the notion of a common Nordic tradition has gained importance as a normative frame of identification, especially as a response to the European challenges.

The end of the postwar golden age of economic growth in the early 1970s posed a challenge to the hegemony of the Nordic labour movements. Accentuated by international crises and restructuring, central elements of the Nordic regulatory models were swept away throughout the 1970s and 1980s. These changes were in line with international trends of deregulation, the abandonment of Keynesian stabilisation policies, the introduction of a fixed exchange-rate-regime and similar actions. Subsequently, full employment policies, which had been the trademark and cornerstone of the Nordic model of labour relations, came under increasing pressure.

Denmark has experienced high unemployment since the 1970s, the other Nordic countries muddled through until the late 1980s where unemployment began accelerating. Following the fall of the "Iron curtain", the international recession and the currency turmoil in 1992, unemployment exploded in Sweden and Finland particularly, approaching an unprecedented high of 20 percent in Finland. In less than two years unemployment figures in Finland soared from below 100 000 to more than half a million people.

While Denmark and Norway (due to huge oil revenues) have maintained macro-economic stability and fairly sound public finances, Finland and Sweden have experienced dramatic economic collapses. Devaluations and draconian austerity measures have been taken, in Sweden accompanied by attacks on basic pillars of the welfare state and the labour relations system. Redistribution of taxes from business to consumers, deep cuts in pension schemes and social benefits, proposals to decollectivise unemployment benefits as well as to transfer health and sickness insurance to the social partners, may signal the ultimate end of the once admired Swedish Model.

Simultaneously, underlying structural changes in labour markets, business organisations and politics have altered the options for union action:

- Transformations of the industrial and occupational structure of employment have changed the basis for recruitment and the composition of union membership, causing growing diversity of interests and union rivalry;
- The decline of social democratic hegemony and the growing political volatility has challenged the traditional political influence of the unions, the installation of a neo-liberal government in Sweden being the most prominent example;
- The restructuring of companies across borders and the modernisation of work organisation have revealed the shortcomings of traditional, predominantly national, means of worker participation and union work;

–Accelerating unemployment, public budget deficits and pressure for international competitiveness have restricted the unions' options in collective bargaining and altered the balance of power in favour of employers.

These developments have caused severe tensions, partially destabilising the systems of centralised bargaining and concertation. During the 1980s employer initiatives to promote decentralisation gained strength, but were frequently followed by strict state intervention, notably in Sweden and Norway where statutory wage freezes were even introduced (Dølvik and Stokland 1992, Kjellberg 1992). Such oscillations in the bargaining climate highlighted the ambivalence of the social partners facing the imperatives of international cost competitiveness and the demand for local flexibility in wages and production. The response has differed between the Nordic countries. Swedish employers have launched an offensive to dismantle the centralised system of collective bargaining, but this has so far not been fully accomplished, partly due to the current economic emergency. In Norway the central organisations have tended to continue their close central cooperation, cautiously leaving space for centrally supervised, articulated bargaining at lower levels. Recently the Norwegian social partners committed themselves to a five-year 'Solidarity-programme' based on wage restraint, cuts in public transfers, extended public employment schemes and protection of public welfare, in order to improve competitiveness and job growth (NOU 1992). Due to repeated nominal zero-solutions and public austerity measures the Finnish bargaining system has substantially been suspended, causing growing conflicts. The Danish system has proved remarkably stable while pursuing a centrally controlled decentralisation, reducing the role of the central organisations in collective bargaining (Scheuer 1992). In short, attempts to continue in line with the corporatist legacy of the past and committed strategies to abolish this tradition can both be observed at present. The era of stable growth and peaceful, cooperative progress in Scandinavia seems irreversibly replaced by a social climate where conflict, uncertainty and turbulence is likely to dominate the industrial agenda the years to come.

These pressures on the national systems of labour relations, accentuated by the currency crisis in 1992, reflect that the Nordic societies have become increasingly vulnerable to international economic and political developments. Coinciding with internal tensions and pressure for renewal, the question is to what extent this will lead to major transformations of the Nordic systems of labour relations and eventually in which direction. Although it is premature to draw conclusions, the Nordic countries' divergent responses to changing circumstances are striking. Converging external conditions, particularly these associated with increased competition in the Single Market, seem to reinforce the significance of national differences in economic and structural conditions as well as variations in the strategic responses of the national actors involved. This may point towards a growing diversity of labour relations within the Nordic countries, at the same time showing

signs of a broader convergence with continental developments, notably in the Swedish case. The pervasive pressure for change, should, however, not lead to neglect of the strong forces of continuity based on the strength and stability of the collective actors and institutions. Unlike in most other European countries, membership of the unions are growing. One major question, however, is whether they are capable of renewing and adapting their role to a situation characterised by distribution of burdens, rather than of benefits. Another question is whether the unions will manage to transcend their heritage of solidaristic policies within strictly national frameworks in the context of a borderless European economic space.

3 The Challenge of European Integration to the Nordic Unions

At this point, arguments for restoration of the orthodox Nordic model of the golden 1960s and 70s, seem more attractive to union memberships than the vision of European integration within the EC framework. Among Nordic trade unionists there is widespread fear that increased competition in the Single Market will cause severe damage to domestic businesses and employment. This may harm important national unions and restrain domestic welfare and regional policies. The prospect of the EC forming a deflationary Monetary Union, has led to concern about the loss of major instruments of national economic policies, particularly the ability to use public budgets to combat unemployment. On the other hand, representatives of national trade union centres argue that staying outside the EC restricts the potential for national investment, growth and employment and thus may prove harmful to the welfare state as well. The international recession, the problem of trans-national restructuring of companies, and the pressure of international competition on national standards and collective bargaining all contribute to the perceived need for coordinated labour policies at the European level. Still, sceptical unionists argue that the creation of a European 'Social Dimension' could undermine the Nordic systems of collective bargaining, due to the stronger role of legislation, individual worker's rights and 'erga omnes'-procedures in other European countries. There is a basic division between those who give priority to union strategies for protection of achieved social rights, benefits and employment at the national level, and those who are prepared to exchange a certain degree of national autonomy for the potential benefits of influencing EC developments in the future. This cleavage reflects profound disagreement over (1) the long-term feasibility of preserving the national Nordic models in an increasingly internationalised environment; and (2) the possibilities of achieving influential power within the EC. While representatives of the trade union centres argue that the Nordic countries together could exert an important progressive role within the Community, the majority tends to regard such 'social democratic visions' as wishful thinking. The opposition call for a closer Nordic cooperation within an All-European framework, as an alternative to a Fortress-EC, while the trade union centres tend to argue that the best way to promote Nordic integration and an enlarged European integration process is through extension of the EC itself.

Despite these divisions, Nordic union movements have supported the EEA-agreement (which integrates the EFTA countries into the Single Market, with the exception of fisheries and agriculture). Hence, the EFTA-countries and their unions will be subject to EC regulations on labour relations and social affairs, while their access to the EC decision making processes will remain limited. Hence, the remaining strategic

choice for the unions of the Nordic EFTA countries will be the question of EC-membership, and the conditions under which it can be accepted.

This matter will involve complicated considerations. First, due to the unclear fate of the Maastricht Treaty and the uncertainties of future EC integration, it is difficult to assess the risks and benefits of EC-membership compared to the EEA-agreement. Will EC-membership primarily imply further market liberalisation, more extensive political and monetary integration, or will other 'Danish-like' options be available? Second, the assessment of EC membership vs. the EEA-agreement for each national union confederation will depend on the choices made by the other Nordic countries. Third, each union's judgement of these unclear alternatives will have to be weighed against the uncertain organisational implications of choosing one path over the other (e.g., with respect to internal cohesion, membership confidence and political credibility).

Due to the undetermined character of the available alternatives, the impact on national labour relations and union positions is indeed very difficult (if at all possible) to predict. Moreover, the unions are themselves strategic actors that will seek to influence the outcome of the process. Rather than attempting to give a comprehensive analysis of this impact, I will restrict my contribution to identifying the main issues of concern. It is possible to identify the main types of pressures European integration will exert on the national systems of labour relations:

- (1) *From below – via market integration*: Intensified competition creates cost pressures, restricts bargaining space and imposes pressures on national labour standards, regulations and taxes.
- (2) *From within – via national politics and the bargaining system*: Market pressures influence the balance of power as well as options and claims by domestic actors, accentuating social and political tensions.
- (3) *From above – via political integration*: EC-EEA rules of competition restrict the latitude for state intervention and political responses to national economic and social problems; political integration may widen the scope for supranational cooperation which may both constrain and extend the means of political influence available to national union confederations.

These changes of balance, between politics and markets as well as between national and international levels of action, interact with the forces of change at work within the Nordic Model. It may be that this will reduce the strategic importance of the nation state for the unions, emphasizing the importance of local and trans-national bargaining strength, as well as strategies that can influence EC/EEA decisions concerning the Social Dimension. On the other hand, one can envisage that closer European integration may be accompanied by reinforcement of national neo-corporatist practices in countries where such traditions are well established (Dølvik 1993, Crouch 1993). Still, a central question for the Nordic unions is to what extent EC membership (compared to the

EEA-agreement) will improve the conditions for Nordic trade union cooperation and political influence at the European level.

The prospects of extended political and monetary integration within the Maastricht Treaty has caused profound ambiguity among Nordic unions, clearly illustrated by the Danish debacle leading to a partial opt-out of the Maastricht Treaty.⁴ The Nordic unions have supported the European Trade Union Confederation (ETUC) in its demands for increased democracy and transparency in the EC as well as its claim for extended qualified majority voting in the fields of social affairs, workers' rights, the environment etc. The Nordic unions are, however, deeply sceptical about the monetarist principles contained in the Maastricht Treaty. Basically, Nordic unions have regarded closer European economic-political cooperation as a possible means to revive and extend the formerly domestic Keynesian approach to the European level. Accordingly, Nordic trade union support for EC membership will certainly be influenced by the possibilities for staying out of the Common Currency (third stage of EMU), like Denmark. This stance has apparently been fuelled by the break-down of the ECU-related strong-currency regime in Finland, Sweden and Norway in 1992. Opposed to the federal vision of an 'ever closer European Union', a vision strongly advocated by the ETUC, the Nordic trade unions are likely to support a differentiated, multispeed EC integration based on regional clusters of nation-states, if they become members. However, the Nordic unions seem faced with the dilemma of choosing between (1) a market oriented approach with limited political influence (the EEA), and (2) a politically oriented approach based on EC-membership within the restrictive framework of the Maastricht Treaty. Despite their criticism of the 'liberalist bias' of the EC and its lack of social profile, the Nordic unions seem unprepared to accept the extension of supranational power required to change this.

⁴ Despite Danish LO support of the Maastricht agreement, a couple of unions were critical and a clear majority of the membership voted against it, in the 1992 Danish referendum. The 'national compromise' that followed proposed to redefine Denmark's position and did win broad union acceptance. Still, several LO unions recommended a NO-vote in the second referendum 18th of May 1993 on the Edinburg solution which offered Denmark exemption from e.g. the third phase of EMU, common security policy and European citizenship. Although a clear majority of the population voted in favour, a significant minority of union members still voted against.

4 The Nordic Trade Unions and the Social Dimension of the Internal Market

The Nordic debate concerning the development of labour policies at the EC-level was prompted by negotiations over the EEA agreement, following the Single Market programme. While capital, labour, goods and services will be allowed to circulate freely in the European Economic Space, workers' rights and means of defense will still be restricted by national frontiers. Thus, Nordic unions have feared downward pressures on national labour standards, exposing workers to cross-border divide-and-rule-strategies by employers. The threat of relocating production and investments to areas with softer regulations and weaker unions may be particularly harmful to union power in advanced economies. Although Nordic trade unions are exposed to such pressures irrespective of EC/EEA-membership, they have considered the creation of a Social Dimension to the Single Market, based on minimum labour standards, and workers' rights of information and consultation in transnational enterprises, as prerequisites for Nordic participation.

So far, however, the struggle over the Social Dimension has led to limited results. This is due to several factors (Dølvik 1992). First, the diversity of national systems of labour relations and stages of economic development makes the application of common regulations and practices difficult. Second, the limited legal powers of the EC and the demand for unanimous decisions in most fields of social and labour affairs (Single Act art. 100A) have made it easy for single governments to block. Third, conflicts of interest within and between the social partners hinder the creation of real supranational actors at the European level. And, lastly, neo-liberal ideological resistance to labour regulations, particularly at the EC-level, has been reflected in the consequent veto-policy of the British government.

The Social Dimension has thus become a symbolic issue, crystallising conflicts associated with the goals, means and principles of further EC-integration, and nearly causing a deadlock at the Maastricht Summit. Should integration be restricted to market integration (the neo-liberal vision), or should it include more far reaching political integration (the federal vision)?

The application of European labour regulations influences the conditions of competition between member states. While an upward convergence of minimum labour standards may be favourable to firms and unions in the developed Nordic high cost states, they may have negative short term effects on employment and competitiveness in the less developed economies. Hence, liberal analysts have turned the so-called 'social dumping' argument up-side-down. They have accused

the 'altruists' of the North of favouring protectionism through social policies which pose increased labour costs on competitors from the South. Thus, employer organisations at the European level (UNICE, Union of Industrial and Employers' Confederations of Europe) have generally opposed EC labour market regulations, except in health and safety matters, and argued for a 'natural market convergence' approach (Vogel Polsky 1991).

The term 'social dumping' should therefore be handled carefully. In union vocabulary the term denotes unfair competition due to an unacceptable undermining or avoidance of established social and labour standards and workers rights (e.g., by trans-border subcontracting). However, as differences in indirect labour costs are an inherent feature of international competition, it is difficult to establish criteria for proper vs. improper conditions of competition (Wedderburn 1991). Accordingly, the concept of 'social dumping' should partly be understood as an element of a union strategy to offset the employer benefits of the internal market and to promote European worker solidarity. Yet the concept has been adopted by the EC Commission and is applied in recent directive proposals (e.g., concerning social rights for part-time and temporary workers).⁵

The application of European labour regulations may influence the conditions of competition between member states. While an upward convergence of minimum labour standards may have ambiguous effects on employment and competitiveness in the less developed economies, it is expected to bolster the competitiveness of firms and jobs in the developed Nordic high cost states by reducing international differences in labour costs and by inhibiting social under-cutting across the borders. Although this expectation may prove right in the long term and therefore may help to ease pressures on national labour standards, many Nordic unionists fear a convergence towards European minimum regulations forced by domestic employers and state actors.

Drawing on recent research, the Nordic trade union centres tend to argue that stricter regulations of labour and environmental standards will contribute to the long term upgrading and modernisation of the European economies (Porter 1990, EIRR 1990, Albert 1991). But if growing cleavages between North and South in Europe are to be avoided, minimum labour standards must be implemented gradually and flexibly, and should be accompanied by measures to stimulate economic development and restructuring, upgrading qualifications and infrastructure in the southern countries (Rhodes 1992). Such European redistribution implies sacrifices by northern unions, both to support increased regional transfers to the European periphery, and to assist the

⁵ The French government and unions, supported by the the president of the EC-Commission, recently accused the US Hoover company of pursuing 'social dumping' by relocating from Dijon in France to Cambusland in Scotland where unemployment reaches 20 percent, wages are 37 percent lower and the unions have guaranteed labour peace and moderate wage claims (Financial Times 2.2.1993, Le Monde 28.1.93).

development of unions in those countries. A vital question, thus, is whether the Nordic unions are prepared to support such policies, and to what extent conflicts of interest along the North-South axis may be aggravated. Moreover, the more immediate challenge of Social Dumping and immigration from the close eastern Europe, tend to confront the Nordic unions with difficult choices between supporting their brothers in the East vs. the South.

As indicated above the struggle over the Social Dimension is far from a simple reflection or extension of national class relations. It highlights the complexity of dependence and competition as well as cooperation and conflict, within and between the organisations of workers and employers at the national and the European level. Furthermore, do cultural and regional cleavages interfere. The creation of a European level of labour relations may therefore prove to be a complicated task. The basic question is whether the principal actors are ready to attempt it.

Until now, the driving force behind the EC Social Dimension has been the alliance between the Commission and the ETUC, backed by the European Parliament, some member states and the advisory EC Economic and Social Committee. The employer organisations, mainly represented by UNICE, have so far been opposed to EC-intervention in the labour markets. In line with the subsidiarity principle and the ideology of deregulation and decentralisation, UNICE has been very critical of EC-minimum legislation, and reluctant to engage in binding relations with unions at the European level. Consequently, the European union movement has no real employer counterpart at the European level. Still, the European social partners have participated in

non-binding discussions within the tripartite Social Dialogue, promoted by the EC-Commission.⁶

UNICE is an umbrella organisation with a restricted mandate and internal divisions. CEEP (European Centre of Public Enterprises) covers only a part of the public sector and only some of the member states. Moreover, several employer associations from the service sector are joining forces, challenging the privileged position of UNICE within the European Social Dialogue.

On the trade union side the dominant actor is the ETUC (founded in 1973) covering 45 million members mainly from the Community and EFTA. In addition minor organisations outside the ETUC framework have emerged. CESI (European Confederation of Independent Trade Unions) was founded in 1990 and which represents predominantly

⁶ The Social Dialogue initiated in the mid-80s has led to several Joint Opinions, e.g., concerning information and consultation rights concerning the introduction of new technology, rights to vocational training, and calls for coordinated economic policies to promote growth and employment at the EC level (Social Dialogue Summit 3. July 1992).

professional associations claim to cover 6 million members. Its major member organisation, Deutsche Beamtenbund (800 000 members), does not have a collective bargaining mandate. From Scandinavia, SACO (320 000 members) from Sweden and AF (Akademikernes Fellesorganisasjon, ca. 200 000 members) take part (CESI 1992). Lastly the CEC (Confederation Europeenne des Cadres, founded in 1951) represents some 800 000 members, predominantly from management.

Pushing the Social Dimension, the ETUC has cooperated closely with influential French actors (with close ties to the French confederation, CFDT) within the Commission, headed by President Delors and his partners in the DG-V (General Directorate responsible for Social Affairs and Industrial Relations). The ETUC and the Commission have had a certain common interest in the promotion of the Social Dimension and the Social Dialogue to bolster their credibility and mutual recognition as European actors, and to enhance the legitimacy of EC integration as such. As emphasized by Due et. al. (1991, 1992), the creation of European labour relations is dependent on political developments. The first EC-wide strike was organised by railway workers protesting an EC-directive proposing the deregulation of the railway industry. On their first European-wide action day, 2 April 1993, the ETUC and its affiliates called for coordinated economic policies to fight unemployment in Europe and for a strengthened social policy at the EC level. Referring to the absence of a real European state actor capable of engaging in binding political exchanges, some scholars have argued that a genuine 'Euro-corporatist' system of interest representation is unlikely to occur (Schmitter and Streeck 1991). Due to the complexity of the EC decision making process, and the variety of organised interests involved, they argue that the present lobby-oriented, pluralist system is more likely to continue. It may be asked, however, whether the outcome of the Maastricht process may contribute to altering this picture.

Even though the Nordic unions were central actors in establishing the ETUC and have made outstanding contributions to international ends, e.g. by the development of trade unions in the former Mediterranean dictatorships, their international actions have rather taken the shape of altruistic aid than being an integrated part of their daily policies. Their traditional strategies for defending members' interests have been deeply rooted in a nationally restricted welfare-state rationale where domestic class cooperation has been more prevalent than international class struggle. As the concept of solidarity has become more associated with globalism and humanitarian involvement in the third world problems than with struggle for common self interests at the international scene, the creation of a sense of European solidarity may prove to be a complicated task. On the other hand, the Nordic tradition of class cooperation may prove valueable in the European context to the extent that the Nordic unions are capable of convincing their employer counterparts that domestic practices of collaboration should be exported to the European scene. This raises the question of whether Nordic EC membership would be more influential through a strengthening of

employer interests favourable to EC labour policies, rather than by reinforcing the ETUC camp.

5 Europeanisation, Decentralisation or Renationalisation of Collective Bargaining?

The impasse in the EC legislative process and the Social Dialogue has led trade unions to discuss whether collective bargaining may be an alternative method for propelling the Social Dimension. Yet, since Marx first urged workers to unite across frontiers in 1848, history has demonstrated that there is no causal mechanism ensuring that increased European market integration leads to the Europeanisation of bargaining and union strategies. Despite the growing international character of capitalist production in the postwar period, union power remains based on the ability to exert control over conditions of supply in national labour markets. And current trends in collective bargaining point more in the direction of further decentralisation and flexibilisation, than towards supranational concentration of labour relations.

The completion of the Single Market and a possible Monetary Union, may have diverse effects on national patterns of bargaining. On the one hand, reinforcement of competition and a possible introduction of fixed exchange rates may strengthen the need for adapting labour costs flexibly to changes in productivity and competitiveness at firm level (Marsden et. al. 1993). Monetary devaluations may be replaced by 'social devaluations'. On the other hand, concentration and restructuration of enterprises across national boundaries, together with increased mobility of personnel within firms, may enhance comparability and European-wide coordination of personnel – and wage policies within multinationals (Marginson 1992), producing an impetus towards a certain Europeanisation of bargaining at company level. In so far as this occurs, it may contradict the rationale of national bargaining at sectoral/industry level and cause tensions and fragmentation within national bargaining systems. At present, however, there is no evidence that the multinationals are prepared to pursue a virtual shift from national to European bargaining strategies (Gold and Hall 1992). Still, improved comparability, reinforced pressures for cost control and the convergence of macroeconomic conditions (inflation, interest rates etc.) may stimulate union attempts to coordinate bargaining policies and to influence economic policies at the European level. Even though it is not a new phenomenon, it is noteworthy that Belgian unionists term the German metal union, IG-Metall, as a 'Social Bundesbank'. In short, economic-political integration may have diverse impacts, partly stimulating decentralisation of bargaining, partly encouraging transnational cooperation and partly enhancing national policies to control wage increases. To the extent that European solutions seem a distant possibility, strategies for cost control either via decentralisation or via

revived neo-corporatist concertation at national level, appear to be the most likely scenarios.

Accordingly, national tripartite 'solidarity-pacts' combining wage moderation, cuts in public spending and measures to stem unemployment, have recently been signed in several countries. Such arrangements could be interpreted as unilateral union concessions to national capital interests. We should not, however, overlook the fact that the increased importance of wage restraint and cooperation in times of international crisis and intensified competition can be exploited by trade unions to reinforce their power to negotiate political exchanges. In other words, as the capability of trade unions to control growth of labour cost and productivity becomes a more attractive 'collective good', their bargaining power could improve despite deteriorating economic circumstances. Such considerations have apparently been a factor in the Norwegian trade unions' bargaining strategies during recent years, for example, which many observers have viewed as surprisingly successful.

With the prospects of a European monetary integration at multiple speeds, one could also foresee trade union moves towards differentiated integration of bargaining along regional lines, e.g. leading to 'bargaining unions' in the core DM/EMU-zone, while the southern and the nordic countries followed at their own. Depending on national economic conditions and industrial relations a variety of strategies might be expected, leading to divergence rather than convergence of the institutional forms of industrial relations-practices, even as outcomes may become more similar. According to Crouch (1993), the neo-corporatist reponse may be the most likely in countries with well established traditions for centralised incomes-policies.

The rationality of cooperative union strategies at the local and national level is self-evident. A stronger focus on local restructuring, productivity, job enrichment, skills training and employee participation are vital ingredients in renewed and broadened union strategies (Streeck 1991). It also corresponds to modern management approaches to work organisation and changes in union membership priorities. Accordingly, union decentralisation accompanied by a shift of union policy from primarily distributive ends to focussing more on improvement of local work organisation and production, has received increased attention in the union debates over renewal of the Nordic Model (Brulin and Nilsson 1991). At the political level a turn towards closer national cooperation with the state and employers in matters of economic and industrial policy appears to be a rational union response to increased competition over investments and jobs. With a free flow of capital, competition between different social policy regimes (Streeck 1989) and so-called 'standort'-qualities associated with infrastructure, supply of qualifications, competent networks of subcontractors, as well as tax and cost structure, will become increasingly influential on enterprise decisions related to location and investment (Busch 1990). The fight against capital may be replaced by a struggle for capital (Dølvik et. al. 1991, Kvinge et. al. 1992).

However rational in a short-term, national perspective, the logic of national corporatist cooperation as a way to improve competitiveness may prove irrational from a long-term, collective perspective. The logic of national cost-competition in international markets may lead to a beggar-my-neighbour game, progressively diminishing the bargaining space of national unions, intensifying competition between workers in different countries, and hampering common economic development. For example, the effects of recent depreciations of the Finnish, the Swedish and the British currencies, have been clearly felt in other Nordic countries.

The unions can certainly not transform this rat-race logic into a solidaristic game by national or Nordic means alone. Inside or outside the EC, with 80 to 90 percent of exports aimed at European markets, Nordic unions can not escape the eroding effects of unregulated wage competition and social devaluations in other European countries. The predominance of national strategies within the Nordic trade unions may therefore prove too defensive and protective, confronted with the interlinked domestic crisis and international competitiveness problems most Nordic unions are faced with.

So far, however, neither the institutional nor political preconditions have been favourable for the development of trans-national bargaining. The Single Act (article 118B) and the EC Social Charter from 1989 acknowledge agreements between the Social Partners as a central element in the creation of the Social Dimension, but no legal framework for Euro-bargaining has been established at the European level. Many of the member states have strong restrictions on trans-national industrial action. There have been some achievements predominantly at the sectoral level, and a number of agreements on information and consultation have been reached within multinational firms, but trans-national bargaining appears to be a distant possibility (Gold and Hall 1992, Marginson 1992). At the confederal level, ETUC and CEEP signed a framework agreement over vocational training in 1990, with little practical impact so far, and on October 31, 1991, the ETUC, CEEP and UNICE signed an agreement concerning the Social Dialogue and the role of the Social Partners which was forwarded to the Maastricht Summit.

In sum, due to an inadequate legal framework, strong employer opposition, and only modest interest of the national unions, the basis for collective bargaining at the European level has been weak. If Euro-bargaining is to gain momentum, a more profound convergence of economic and social conditions, as well as political-institutional reforms, are apparently required (Goetschy 1992).

Due to the obstacles mentioned above, a gradual and uneven development of trade union cooperation across frontiers will probably take place. The organisational framework for such cooperation can be summarised as follows (Lecher 1991):

- (1) Transnational corporations (European Works Councils);
- (2) Sectoral (ETUC Industry Committees);

- (3) Inter-regional (Trans-frontier Union Councils); and
- (4) Inter-professional (ETUC, CEEP and UNICE).

The informal and formal practices of worker information and consultation spreading in trans-national firms, are expected to gain momentum by adoption of the draft EC directive on European Works Councils. At the sectoral level, the increased convergence of market and production conditions in the most internationalised industries may facilitate closer coordination of national bargaining demands, and perhaps the establishment of framework agreements concerning working time schemes and other conditions of competition and work organisation. However, the fragmentation of employer sector organisations represents a serious barrier. Cooperation between the confederal organisations (ETUC, UNICE and CEEP) will probably primarily take the form of a Social Dialogue, aiming at influencing EC legislation and economic policies. If unions are to succeed in their demands for common employment and growth policies at the European level, some kind of consultation concerning income political guidelines can not be ruled out in the future (ETUI 1991).

In sum, a gradual, uneven process from below is the most likely scenario as opposed to a uniform Europeanisation of union strategies and labour relations from above. Combined with political regulations and coordination by the ETUC, such a twofold movement may strengthen union influence at the European level, causing new intra-union tensions, notably along the confederal-sectoral dimension. European trade union strategies can certainly not replace national practices, but they can complement those practices by addressing problems of a trans-frontier nature and by inhibiting social dumping. Whether the unions will be able to constitute themselves as a unified actor, forcing a parallel coordination among employers at the European level, will in the end depend on the will and commitment of the national unions to engage in cross-boundary actions. In effect, this parallels what unions accomplished at the national level in the beginning of this century. An important difference, often underscored by sceptics among the Nordic unionists, is that the pioneer unions had little to lose and much to gain by engaging in class struggle for the establishment of nation-wide collective agreements. By contrast, the Nordic unions may expect heavy burdens and minor short term benefits if Euro-Bargaining gains momentum. Those arguing for worker solidarity across the European boundaries therefore will have to convince their members that the collective benefits of European labour policies in the future will outweigh possible short-term losses at the home front.

6 The Social Protocol of Maastricht – a Turning Point?

The Social Protocol annexed to the Maastricht Treaty contains legal and institutional improvements that may alter the political balance of power in favour of trade unions and dissolve the deadlock of the Social Dimension. The EC labour policy mandate is extended and qualified majority voting is introduced in a wider range of issues, notably working conditions, and the social partners are offered the possibility of replacing proposed directives by agreements.

The Social Protocol allows the eleven member states, excepting the UK, to use EC institutions and procedures to implement the Social Charter from 1989 by the extended use of qualified majority voting (e.g. concerning the area 'working conditions', broadly defined). Furthermore, by writing the agreement of 31. October 1991 (between the ETUC, CEEP and UNICE) into the Social Protocol, social partners at the European level (not explicitly defined) are given a more central and institutionalised consultative role in the legislative process. Within certain time limits (9 months), they were also allowed the possibility of negotiating agreements that may replace proposed EC labour regulations. If such an agreement is reached, the social partners may ask the EC-Council to extend it to all workers, or it may be implemented according to national procedures. The Social Protocol does not provide a mandate for EC regulations concerning pay, rights of organisation, strikes, or lock outs.

Apart from the problems related to a two-speed Social Europe, offering the British a potential competitive edge, the impact of the Social Protocol has caused positive interpretations in the Nordic trade unions. In a sense the Protocol may contribute to the creation of a European level of negotiations and industrial relations with certain similarities to the tripartite Nordic Model. As in Scandinavia the connection between legislation and negotiation procedures has been tightened and the responsibility of the social partners have been recognised as prior to the legislature in the field of labour policies. Moreover, the Protocol confirms that EC-directives under certain conditions can be implemented via national collective bargaining, easing concerns about undue legal interference in the Nordic systems of labour relations. Furthermore, the reference to the subsidiarity principle signals increased willingness to recognise the autonomy of different national systems of labour relations.⁷

⁷ The Social Protocol emphasizes that Community measures within the social field shall support and complement the member state policies (Article 2), taking into account the diverse forms of national practices, in particular in the field of contractual relations (Article 1), and the competitiveness of EC businesses and Small and Medium Sized Enterprises.

According to Langlois (1992) this establishes a dual concept of subsidiarity in the field of EC labour policies: (1) a priority of national action over EC action; and (2) a priority of action taken by the social partners over initiatives taken by EC legislating bodies. Yet, within the fields regulated by the Social Protocol, the member states and the EC have joint competence. This implies that the EC may primarily define certain general objectives (e.g. minimum standards), while implementation is a task of the member states and the social partners. Nevertheless, this leaves considerable space for political judgements and interpretations. The ETUC emphasizes that the EC is obliged to push member states in the pursuit of the aims contained in the protocol (improved living and working conditions, increased employment, etc.). UNICE and Great Britain claim that according to the subsidiarity principle of the Maastricht Treaty (article 3B), labour regulations should primarily be a national responsibility.

The Nordic EFTA-unions claim that they should be allowed to take part in the Social Dialogue on an equal basis and that decisions taken according to the Maastricht Social Protocol should be extended to the EFTA-countries via the EEA-agreement (which is based on the Single Act). These claims are supported by the ETUC. As UNICE questions the juridical status of the Protocol and the binding effect of provisions based on the Protocol for the EFTA-countries, it is reluctant to accept full participation of the EFTA organisations in such matters. Despite Finnish employer doubts about the Protocol, the Nordic employer associations have argued for full incorporation of the EFTA organisations in the Dialogue. One source of the UNICE reluctance may be that certain national UNICE member organisations fear that an enhanced role of the EFTA organisations may contribute to altering the balance of power within the employer side, and hence, between the social partners. Moreover, while the Social Dialogue may lead to regulations that become binding for eleven EC member states by qualified majority voting, they can be subject to a veto within the consensual decision procedures of the EEA, which normally would also require consent from the British government. Consequently, it will be more difficult for Nordic unions to influence and achieve decisions on European worker rights via the EEA-agreement, than within the frames of the Maastricht Treaty.

Despite the fairly positive assesment of the Maastricht Social Protocol, several Nordic unionists have pointed out that the right of the social partners to negotiate proposals for EC regulations, may serve to free the Council of the responsibility for creating the Social Dimension. Moreover, as employers are likely to engage in negotiations only to the extent that it can help block legislation, the potential for union power may be limited. This is particularly so because the logic of these negotiations is based on consensus. As long as no means of enforcement or collective action are established at the EC-level, this could leave the unions in an uncomfortable 'collective begging'– position, as outlined by Blanpain (1992). The fact that the bargaining strength of the unions is dependent on the Council's willingness to enforce legislation, has caused

scepticism among Nordic bargainers. As negotiations connected to legislative initiatives by the EC-Commission have little in common with collective bargaining, it should rather be considered as a reinforcement of the Social Dialogue (Kreimer-de Fries 1992) or as 'negotiated legislation', a notion commonly used among Nordic unionists.

As a result of such considerations, the Nordic unions have supported the stance of the German unions within the ETUC discussions, calling for a more independent union approach to European bargaining. They have also stressed the necessity to create a legal framework with rights of trans-frontier industrial action, procedures for settlement of disputes, etc., as a precondition for engaging in transnational negotiations. Citing the fact that 'negotiation is no end in itself, but means to obtain results', the Nordic unions have warned against negotiations with UNICE under the current asymmetric power relations. If these prerequisites are not met, the Nordic unions have argued for a careful exploitation of the new qualified majority voting procedures, deriving from the Social Protocol.

Given employer reluctance to negotiate, it was a surprise that the October 31 1991 agreement (that was incorporated in the Social Protocol) could be concluded. The fact that it was shows the potential benefits of the close interaction between political processes and the social partners at EC level. It seems that in the process of political wheeling and dealing during the run-up to Maastricht, influential actors within the Catholic contingent of government representatives, employers, commissioners and unionists (from particularly Belgium, Italy and France) were able to out-manoeuvre the liberalist (British) contingent within UNICE and the Council. This suggests that the role of certain Christian Democratic governments, and their relatively union-friendly policies, are crucial factors in the development of the Social Dimension.⁸

⁸ The Confederation of British Industry (CBI) had obviously accepted the 31 October Agreement as a (second worst) alternative to extended qualified majority voting in EC labour policies. Encouraging Major to stay 'inside' to fight such an outcome, CBI was apparently trapped when Major chose to 'opt-out' for domestic public relations reasons. Staying outside the 'socialist' Social Chapter was considered important to demonstrate British Maastricht victory in the run-up to domestic Parliamentary elections and ratification procedures, but this left CBI in a problematic position: Contrary to what they hoped for, CBI got both European negotiation possibilities (in which they may be marginalised) and qualified majority voting (which they fought) without the possibility of influencing EC labour policies through British participation (the outcomes of which they nonetheless may have to adopt in the future). Moreover, British multinationals operating on the continent will probably have to conform to possible EC regulations on information and consultation rights (European Works Councils).

On the other hand, other member states and organisations are worried that Britain may exploit her withdrawal to gain competitive advantages by not having to adopt EC regulations affecting labour costs. Moreover, these concerns may inhibit the eleven other member states from utilising the Social Chapter in order to maintain a level playing field (equal conditions of competition) in the Single Market and an integrated EC labour policy. Such factors may contribute to reduce the significance of the Maastricht Social Protocol. According to Streeck (1993), the Maastricht co-decision-making procedure was intended by the Commission as a step towards a

However, the central role played by the Commission in this process, the unclear mandates of the involved group of negotiators, and the fact that the 31st of October agreement was not dealt with in the Executive of either the ETUC or the UNICE, have caused Nordic concern. – If this was the way European negotiations are to be arranged, the legitimacy of such agreements is questionable, according to central Nordic unionists. Therefore the Nordic unions have stressed the need for revision and clarification of the statutes and decision-making processes of the ETUC, particularly with respect to the formulation of claims, the authorisation of negotiators and the approval of agreements.

After an initial phase of optimism, the impasse of the Maastricht process – coupled with the offensive for subsidiarity and restrictions on Commission authority – has recently aroused union concern about a setback for labour policies at the EC level.⁹ Factors such as unrest in the currency markets, economic recession, increase of unemployment and the EMU convergence programmes also seem to reinforce inward-looking national policies. The current acceleration of unemployment in Europe has prompted a renewed debate over labour costs and consequences for competitiveness of labour regulations, which may possibly weaken member state commitment to EC labour policies (Hall 1993). Moreover, faced with internal divisions, the employer organisation (UNICE) has pursued a restrictive policy after Maastricht and has rejected union initiatives for negotiating until the Treaty has been ratified. In short, the employers have taken advantage of the uncertain fate of the Maastricht Treaty and the shift in political climate, withdrawing their positions at the EC level. In conjunction with the doubts voiced by the new Commissioner Flynn over the concept of

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neo-corporatist organisation of the Internal Market (p17). The acceptance of a "Europe with variable geometries" or a "cafeteria state", giving member-states the opportunity of partial exit as an alternative to voice or compromise in line with the subsidiarity principle, combined with the quasi-veto power of employers, however, suggests that the liberal-nationalist coalition that dominated the European Community of the European Single Act have very likely won another decisive victory over the federalist welfare-state building project, according to Streeck. (p.14)

⁹ The appointment of the Irish Mr. Flynn to Commissioner for Social Affairs has fuelled this fear. He has called for a year of consolidation and a more flexible approach based on a review of Social Dimension goals and methods. The prescriptive, detailed approach of his predecessor has failed, he said. The Commission should only lay down a framework of minimum standards, while the details should be left to employers and unions. - 'The details should be worked out when the legislation passes through national legislatures, the flexibility must be there'. The future of the EC Social Policies will be discussed in a so-called Commission Green Paper in the autumn 1993. According to Financial Times, officials of Mr. Flynn have suggested that the Social Dimension has been hijacked by the European Trade Unions and it is time to return to the broader theme of a Citizen's Europe (Financial Times 28.1.93). During spring 1993 increasing unemployment and recession in Europe have furthermore prompted an EC discussion over the impact of EC labour regulations and welfare policies on job creation. Those signals may indicate a pragmatic turn in line with the subsidiarity principle and increased commitment to fight unemployment, but they may also imply a downgrading of the Social Dimension, a concern recently expressed from the ETUC.

European social policies laid down in the Protocol, this has left the ETUC in a difficult position, fuelling the uncertainty among Nordic trade unionists.

7 Diverse Trade Union Approaches to European Bargaining and Legislation

Although the Maastricht Social Protocol may open new opportunities for trade unions, it raises complicated questions about union strategy, mandates and organisational matters, as well as procedures of implementation. For instance, which union body should formulate common demands and negotiate; at what level should the employers be approached; how should European agreements be made binding; and how should the results be ratified, implemented and controlled? Difficult questions arise concerning the choice of issues that would be appropriate for bargaining at the European level and to the accommodation of interests within the union side. Furthermore, how do unions convince the employers who are most interested in avoiding or watering down EC legislation, to engage in negotiations?

These questions have recently been discussed within the ETUC and its national affiliates. Although a consensual compromise was reached, expressed in a Strategy Document concerning Social Dialogue and Collective Bargaining in Europe, different tendencies can be identified. The unions of the southern and Benelux countries seem keen to move forward, and tend to consider interprofessional negotiations linked to the Social Dialogue as a useful step towards European bargaining relations. Belgian unions appear to be among the strongest advocates of the Social Protocol, which seems tailored after the highly institutionalised principles of the Belgium model of labour relations. The Christian and Socialist Belgian trade union movement is numerically one of the strongest in Europe, but have experienced the increasingly restrictive impact of European monetary integration on national bargaining.¹⁰

German unions, especially the IG-Metall, appear reluctant to endorse this 'corporatist approach', paying more attention to coordination of national bargaining at the sectoral level. The Nordic unions did not ultimately object to the overall approach, but are inclined to regard legislation via political channels as the most realistic way to establish a social platform of labour standards in the Single Market.

Although the British confederation, TUC, tends to consider European framework agreements as conducive to domestic ancillary bargaining (Lea 1992), affiliated industrial unions are sceptical. Due to the unfriendly policies of the conservative Government and the low degree of legal protection of national workers, British unions regard European minimum legislation as helpful. Considering the decline of nation-wide bargaining,

10 Recently the institutionalised indexation of wages came under attack, due to Government austerity policies in order to fit the Maastricht convergence criteria for public debt.

however, many unions find it difficult to conceive how possible European framework agreements could be incorporated into the British system. Neither the TUC nor the employer confederation, CBI, are authorised to conclude interprofessional agreements. Yet, in line with the tradition of company bargaining, attempts to establish European Company Councils seem more relevant and attractive to many British unionists.

The German position also reflects particularities of the domestic situation. Extension procedures exist but are rarely utilised, and direct links between negotiations and legislation are alien to the German system of 'Tarif-autonomie'. More importantly, collective bargaining in Germany is conducted at the regional, industrial level with IG-Metall as a leading force. Like the British TUC, the confederation, DGB, has no mandate to engage in bargaining and its authority has been eroded. Hence, inter-professional negotiations at the European level may disturb delicate domestic power relations and create tensions between sectoral unions as well as vis-a-vis the DGB. Due to the fragile support for Euro-policies among the membership, the increasing problems of reunification and the recent attacks on the 'Tarifautonomie', the German unions have followed a very cautious line on interprofessional European negotiations. Mandates will only be transferred to the ETUC on a case-to-case basis after thorough discussions at the national level, and results will be exposed to a careful process of ratification within the national organisations (Kreimer-de Vries 1992b). Accordingly, German unions tend to consider trans-frontier coordination of independent, national collective bargaining at the sectoral level as a more feasible way to create worker solidarity at the European level. As pointed out by Jacoby (1993), powerful unions such as the IG-Metall, have often been criticised for being self-content and insufficiently engaged in European matters (cf. the notion 'Social Bundesbank'). Yet, confronted with severe domestic challenges and pressures from union neighbours, the IG-Metall seems more aware of the necessity of teaming up with union colleagues in order to defend national positions on the European front as well.

Besides the diversity of approaches, interests and differences of national systems of industrial relations, there are also organisational obstacles to closer European trade union cooperation. The fall of the Berlin Wall led to an increasing number of former communist ETUC member organisations from southern Europe. Recently white collar non-LO unions from several Nordic countries have also become members. This has improved the representativeness of the ETUC which covers more than 45 million employees, or 44% of all employees in western Europe. Cooperation between national unions at the European level may also spur union integration at home, as has partly been the case in Italy, Denmark and Finland. Even so, important unions in e.g. France (the CGT) and in Scandinavia are not affiliated to the ETUC. In Norway, for example, the YS (The Confederation of Vocational workers) and the AF (the Association of Academic Unions), covering nearly 1/3 of the organised employees, are not members.¹¹ In practice such divisions are

¹¹ Although AF is member of CESI, the fact that a number of its Nordic sister

complicating attempts to develop common policies e.g. in transnational companies.

Moreover, the ETUC has so far not been equipped to play the role of a supra-national actor, engaging in European negotiations. While the European bodies of the ETUC try to promote closer integration of union strategies, the dominating national member organisations have, in practice, been reluctant to delegate the necessary resources and real authority to the European bodies (Lecher 1991, Platzer 1991). Also crucial is the limited bargaining powers of major national confederations such as the DGB and the TUC. (Even in Scandinavia the bargaining authority tend to be moved away from the centres, most clearly in Denmark.) In short, the ETUC is an umbrella of umbrella associations, many of whom are experiencing severe decline at the national level. Union participation varies substantially, from a 10–15 percent low in certain southern countries, to 70–80 percent in Scandinavia. Such differences in union strength, diversity of economic interests, and different traditions of labour relations and cultures (Lecher 1991) may inhibit the growth of mutual thrust and common orientations towards European negotiations. In particular, the language barrier acts to prevent the communication of shared experiences and often contribute to misunderstandings through the different use of concepts like 'bargaining', 'negotiation', 'consultation' and 'discussions'.

Trade union power is traditionally concentrated at the level where collective bargaining is conducted, which in a European context is predominantly in the national industrial unions (Due et. al. 1992). Accordingly, the central task of ETUC has been political lobbying to influence decision-making processes within the EC. Relying on political alliances, the ETUC has lacked strength to engage in direct confrontation at the European level. Compared to the spectacular actions of farmer organisations, the prudent demonstrations arranged by the ETUC illustrate a lack of visibility and rank-and-file identification.

A fundamental precondition for the constitution of the ETUC as a real supranational actor capable of conducting European bargaining is the establishment of internal alliances and a power structure which offers incentives for the stronger unions to act as pioneers promoting closer union integration. As indicated, the German DGB and the British TUC are by far the largest members; these, together with the Italian CGIL, represent more members than all the other affiliates combined. There is a loose Latin group which often cooperates with the Catholic continental unions, and a Nordic bloc often allied with the British and the Dutch. This leaves the Germans in a key position. As the single most powerful European trade union movement, they largely control ETUC decisions. Apparently, they have chosen not to involve themselves in stable alliances, supporting instead one or the other group. Although they often play a bridge-building role, the Germans seldom have taken an active, leading role (Jacoby 1991). Rather, they have exerted restricted influence. The challenges of unification have further limited the German involvement in (. . . fortsatt)

organisations have joined the ETUC implies that a future change of AF policy can not be excluded.

development of the ETUC. These factors seem to have left the ETUC in a power vacuum.

Individually small in numerical terms, the Nordic unions are still among the stronger member organisations of the ETUC. Acting together, they could potentially exert decisive influence and contribute more positively to the ETUC development than has been the case in recent years. As EFTA-unions they have been somewhat restricted by sceptical domestic constituencies, and have often been left on the sideline of the EC dominated debates occurring within the ETUC. This situation has left little room for proactive policies, contributing to an image of the Nordic unions as 'nay-sayers', primarily concerned with protection of national interests in the European context. These background conditions are vital to an understanding of the ambivalent approach of the Nordic unions to development of European negotiations.

8 Nordic Approaches to European Negotiations

Although the Nordic trade unions have supported the call for a Social Dimension, they have thus far been critical of the EC's detailed legislative approach to labour issues. A major concern has been that EC directives may interfere with domestic collective bargaining systems. It was therefore surprising for many continental unionists when the Nordic unions seemed to reject the notion of Euro-Bargaining, giving priority to the legislative route at the European level, at the ETUC Luxemburg Conference on European Collective Bargaining in 1992. This somewhat paradoxical attitude was partly explained by the Nordic unions' scepticism towards the concept of European negotiations as such, and partly by their alienation from the process by which it had been brought about. Moreover, having listened to the intervention by the general secretary of UNICE, Mr. Tyzskiewicz, they were convinced that political decisions via qualified majority voting would be more promising than negotiations with UNICE. Hence, they argued, European negotiations would not be appropriate before a strong legal base was established, providing rights of conflict and a proper balance of power. As suggested above, the Nordic unions were also doubtful as to whether an efficient democratic foundation for European-wide negotiations could be created and they questioned whether agreements could be efficiently implemented in southern countries with low union density rates (Rønngren 1992). More fundamentally, the Nordic unions were worried that Euro-agreements could interfere with national agreements: protection of national bargaining sovereignty seemed to be their most basic concern. Therefore they considered the possibility of implementing European regulations through national bargaining as a step forward.

The strongly critical initial position of the Nordic Unions has since been modified through the internal process of discussion within the ETUC. In retrospect it is reasonable to consider their first reaction as a 'negotiating' position designed to halt what they feared could lead to a hasty jump into Euro-bargaining, forced by overly-eager proponents within the ETUC secretariat, prepared to start immediate experiments with Euro-bargaining. Thus the Nordic unions' hesitation and uncertainty was prompted by what they perceived as a lack of proper organisational anchoring and monitoring of the previous process.

This highlights a more general obstacle to the creation of European bargaining relations – the cultural differences and the lack of thrust between actors from different industrial relations traditions – which is reinforced by severe language barriers. Having a very concrete and practical approach, the Nordic unionists often feel alien to the abstract discussions and centralised approach of their southern colleagues. In contrast to the ideological inspirations of the labour movements in

southern Europe, progress for the Nordic unions have been achieved by pragmatic step-by-step-policies, rather than by implementing 'Grand Visions'. Combined with the fact that they are not familiar with the EC-dominated agenda, that they have restricted room for manoeuvring and are supervised by critical national constituencies, the Nordic representatives are very concerned not to be involved in European decisions which have not been properly anchored at home. This underscores the need for careful preparations and cautious internal discussions – not always the case, according to Nordic unionists – that are crucial to build up the confidence and consensus required if the European trade union organisations are to be capable of constituting themselves as real and united social actors.

During the internal ETUC processes, however, the Nordic unions were reassured that their concerns were shared by other central actors and that no quick fixes would be allowed. Hence, they had no difficulties approving the common position adopted by the ETUC, although their enthusiasm was limited. But, still, substantial doubts persist. The Nordic unions consider national and local strength as a fundamental prerequisite for union power. Hence, they tend to regard as highly unrealistic the strong emphasis on European strategies propounded by unions suffering from decline and erosion at the national level. They are concerned about the strong ETUC economic and political dependence on fragile alliances in the Commission and feel alien to the Euro-corporatist culture of "deal-making" in Brussels. As often stated by Nordic union leaders, European trade union power have to evolve step-by-step from below, not via easy diplomatic moves from above. Aware that ETUC is an umbrella organisation, of which the most influential parts possess virtually no bargaining authority, leaders of strategic Nordic sector unions doubt whether ETUC can ever transform itself into an agent of real transnational union power. Accordingly, they appear to be more at ease with the attempts to create closer cooperation among national unions within the frames of the Industry Committees affiliated to the ETUC, where Nordic unions have often been influential actors and contributors. At the same time, reflecting national traditions of central control and increasing domestic tensions between individual unions and the centres, several confederal Nordic representatives seem a bit worried by the prospects of a multitude of sectoral union actors aspiring to establish themselves as European negotiators.

Moreover, central Nordic union leaders realize that the possible emergence of bargaining relations at the transnational company level, possibly promoted by European sectoral framework agreements, may fit quite well into national employer ambitions to abolish the centralised Nordic systems of collective bargaining. Although the Nordic unions have given strong support to the promotion of European Works Councils, several national unions are reported to act rather reluctantly towards initiatives to create transnational union bodies in Nordic multinationals. Having experienced that the multinationals have been a driving force behind dismantling of central bargaining at home, notably in Sweden, unionists are also concerned that the multinationals may

exploit a Europeanisation of industrial relations to exert downward pressures on national standards. Leading Nordic industrialists have pledged for EC membership explicitly arguing that this would be advantageous by contributing to the limitation of undue union power and to the abolishment of overly rigid Nordic labour regulations. Moreover, union suspicion has been fuelled by the fact that for example the Swedish Employers Association (SAF) has been fairly willing to engage in European negotiations, while at the same time pulling out from domestic bargaining relations. The outspoken Swedish Prime Minister Carl Bildt has frequently challenged the unions by declaring that current attacks on the welfare state are obliged in order to match EC standards.

To summarise, the Nordic trade union response to the notion of European negotiations have been characterised by hesitancy and uncertainty. Moving slowly towards acceptance of the idea of Euro-bargaining as a long-term goal, Nordic reluctance has been less due to a rejection of the concept of transnational bargaining as such, than to doubts over the actual balance of power, the insufficient legal conditions, and the unions' own ability to match the requirements of transnational industrial action. Even among the Nordic countries, for all their similarities, the unions have not managed to establish common bargaining claims and coordinated strategies. Having experienced that national union progress is achieved through a process where the stronger take the lead and the weaker followed suit, national bargaining practitioners are concerned over the possible unintended consequences of Euro-negotiations for national bargaining. More bluntly: to what extent may a Europeanisation of bargaining imply a downward adjustment of national claims and standards for the unions from economically stronger countries? And how could possible short term setbacks following such moves be justified in terms of future benefits for Nordic workers?

Despite the pragmatic realism of the Nordic union approach, one may ask whether their position is too defensive and static in a long-term perspective. The reluctant attitude towards European negotiations, and the view that European regulations should primarily serve as protection against 'social dumping', may lead the Nordic unions to overlook the dynamic potential of bargaining relations at the European level, possibly placing them on the sidelines of the process. Despite their limitations, such negotiations may provide experience and competence that can strengthen the European bodies of the social partners and, hence, pave the way for a European level of labour relations that may become a useful complement (not substitute) to national means of action in the future. The Nordic unions could probably achieve greater influence over the process by taking active part than by exerting defensive policies. In trying to convince the membership, however, the union promoters of European negotiations may be caught in a rationality trap: The potential long term collective benefits of investments in Euro-bargaining strategies may be out-weighed by the short term sacrifices required of their stronger individual member unions and by the more immediate and

secure returns to investments in the EC legislative machinery.¹² Moreover, the immediate interests and legitimacy of national union leaderships, based on success in the next national bargaining round and the subsequent re-election, may inhibit such long-term strategic thinking within the union movements. Until the concept of European negotiations has been clarified and spelled out in a much more coherent strategy, national unions seem doomed to be sceptical.

12 The organisational costs of following the EC legislative route will certainly be less than the costs of setting up a union machinery for bargaining and interest mediation at the European level.

9 Specific Questions concerning Implementation of European Agreements and Regulations in Nordic Systems of Labour Relations

Due to the high degree of union density, integration and coverage of collective agreements, the Nordic countries are better equipped to implement European agreements than most other European countries (Hepple 1992). The primary point of concern, much discussed within the Nordic Council of Trade Unions (NSF), centers on the issue of procedures for extension of collective agreements ('erga omnes') possibly connected with European agreements and the national application of EC/EEA minimum directives. Many Nordic unionists and employers, particularly in Denmark and Sweden, have argued that introduction of such practices would contribute to a damaging juridification of the Nordic model of labour relations, possibly eroding organisational density. In the case of a European agreement, the Nordic trade unions would, hence, be inclined to implement it through national bargaining procedures, rather than by Council decision, although they doubt the implementing capacity of southern social partners.

Procedures for the extension of collective agreements to all workers (e.g., in a sector), are not as uncommon in the Nordic area, as is often conceived. Both in Finland and Iceland such procedures have existed, apparently with no negative impact on union density rates. In the other Nordic countries, employers have normally generalised bargaining results to all their employees (Bruun et. al. 1992) and in Denmark and Norway the outcomes of state mediation have sometimes been generalised by law. Moreover, as will be described below, the Norwegian unions have actually forced the Government to adopt legislation allowing for the extension of collective agreements by 'erga omnes' procedures in order to prevent social dumping.

For observers from countries more familiar to extension procedures, the Nordic concerns may appear rather exaggerated. The Nordic countries will not be forced to copy any European model of regulation, nor to introduce general 'erga omnes' procedures. Such measures will be limited to the application of EC-regulations.¹³ Future EC-regulations or agreements will probably be settled at a lower level than Nordic labour standards, and will allow for improvements through national bargaining. One effect of such regulations for the Nordic unions could be to limit

13 Recent discussions between the Danish social partners and the Commission suggest that the Commission will accept collective agreements as a way of implementing EC policies, provided sufficient coverage. This has eased concerns among Danish unions and employers (Berlingske Tidende 13.1.1993).

downward pressures on domestic labour standards, possibly preventing erosion of domestic bargaining strength. Still, many unionists fear that the employers and the state will exploit European regulations to adapt national standards downward towards a European minimum level. This is an obvious risk which can only be countered by the strength of the Nordic unions themselves. It is hard, though, to envisage that comparisons with other European countries would not influence national bargaining, even if the Nordic unions were not involved in labour regulations at EC/EEA level.

The problem of 'social dumping' becomes more visible and concrete in cases where foreign employees are engaged in cross-border subcontracting. According to a former draft EC directive on 'posted workers', national (host country) working conditions should be applied for temporary cross-border work lasting more than three months, provided necessary national legislation was in place. Nordic unions protested with reference to the possibility that employees staying for shorter periods may work for lower wages. In response to such protests the Norwegian Parliament has recently adopted legislation that will allow the unions to demand an extension of working conditions and wages defined by nationwide collective agreements in cases of undercutting by foreign companies from day one. Such conditions can be made binding for all employees engaged in specific types of work, regardless of nationality and duration, or they can be restricted to certain parts of an industry, a district, etc.. The decision to apply such minimum regulations will be taken by a council with three neutral representatives and two from unions and management. The union's right to take action against firms that do not comply with such regulations will be enhanced (Kommunaldepartementet 1992). If accepted by EC and EEA authorities, the law may give the unions a better means to fight unfair competition from non-unionised employees at home as well. This policy will certainly become an important test case of the ability of Norwegian unions and government to defend national worker interests within the EC/EEA area. Pressured by the unions, the Norwegian Government has claimed that it will veto any decision taken by the EEA bodies that could challenge protections of national working conditions.

Swedish and Danish unions have followed another strategy, based on boycott and direct action against foreign companies not complying with national agreements. In Sweden national practice legitimates boycott measures according to the 'Lex Britannia'. A recent agreement with the Danish Employer Confederation allows Danish unions to engage in sympathy action and stoppage against foreign enterprises which do not conform to Danish conditions, without employer interference (Information 4.12.92). It has, however, been questioned whether this would be acceptable if the drafted EC-directive on Posted Workers is applied.

A common Nordic approach towards this issue has recently been discussed in the Nordic Council of Trade Unions (NFS). Both in the ETUC and EC contexts the Nordic trade unions have exerted pressure by arguing that the possible application of a Posted-Workers directive

which does not comply with the Nordic demands would certainly lead to a rejection of EC membership from the union side. Responding to this warning in the run-up to the second Danish referendum over Maastricht, the Danish EC Presidency steered towards a compromise that could be accepted by Nordic unions, allowing the national social partners to negotiate terms of derogations from national conditions during the one-month period where national norms do not apply. Due also to pressure from the European Parliament, the Commission has recently redrafted the Directive which states that host country working conditions shall be applied from day one except for regulations of minimum wages and paid holidays and vacation, for which national rules are to be followed for work lasting more than one month. It is, however, still unclear whether the redrafted directive is a minimum directive allowing stricter national regulations during the first month or a maximum directive ruling out such national measures. Moreover, there are different views on whether national conditions will be applied after one month or from day one for workers staying more than one month. According to Commissioner Flynn, there is no hindrance for national unions to demand host country conditions defined by collective agreements from day one through industrial action.

A related controversial issue is whether the application of national norms defined by collective agreements would require an 'erga omnes'-procedure to become binding for foreign firms. As 'erga omnes' is considered absolutely unacceptable to both Danish employers and unions, this question became a key issue in recent Danish debates. This relates to the more general controversy in Denmark over whether EC-directives may be adequately implemented via collective agreements with high coverage and whether industrial action can be utilised to force foreign companies to respect terms of employment defined by national collective agreements. In a statement to the European Parliament Commissioner Flynn (25.3.1993) confirmed that the objectives of the directive may be implemented by agreement between national social partners. In the case such agreements do not fully secure the objectives (i.e. do not cover all employees), compliance with the directive could be secured through, for example, industrial action or through governmental extension of collective agreements¹⁴. In the Commission's revised draft

14 Critical labour lawyers and unionists have argued that, according to the non-discriminatory rules of the EC, despite the agreement with the employers, Danish unions would not be allowed to take industrial action against foreign companies, unless they did the same against all Danish firms not complying with the terms of collective agreements (Harlang 1993). One consequence of this would be to suspend established rights of selective industrial action, effectively hindering the ability of Danish unions to fight social dumping, according to the critic, a view also shared by representatives of the employers. Although this conclusion was strongly rejected by officials from the Government and the unions, it illustrated how strongly opposed to any kind of extension procedures the Danish social partners are. In a letter to the Danish employer federation (DA) the Commission stated explicitly that "The posting of workers directive neither harmonises nor coordinates national rules relating to industrial action, in particular the right to strike". However, "national rules on industrial action cannot discriminate against a foreign provider of services by treating

directive the referent "erga omnes" is left out and it is stated that the member state can refer to collective agreements which are commonly used in the actual area, employment or industry. In the explanatory text it is stated that collective agreements followed by the large majority of nationally operating firms can be applied to foreign firms, even though a number of economically non-decisive national firms do not comply with them. Thus, it seems as generalisation of collective agreements by law or erga omnes-procedure will not be required. From a Nordic trade union point of view this would, if put into practice, represent a major step towards EC acceptance of the Nordic mode of labour market regulation as a method of implementing EC rules.

The divergent strategies of the Nordic unions in this issue are striking: while the Danes and the Swedes have made the question of 'erga omnes' into a symbol for the survival of their system, the Finns, the Icelanders and now even the opposition Norwegian unions, have turned to a pragmatic acceptance of extension procedures as a useful renewal of union policy tools. The national consequences of implementing European labour policies should, however, not be considered as a technical-juridical question. In the end the outcome will depend on the political and strategical strength of the national union movements.

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him less favourably than a national provider of services, being in a comparable position" (Letter to DA from Cabinet of Mr. Flynn, EC Commission 23.4.1993). In short, it seems that governmental extension of collective agreements to cover all employees is not required to force foreign employers to comply with national conditions, if unions through indiscriminatory industrial action can secure foreign workers conditions equal to those of national members.

10 Summary: Strategic Dilemmaes of Nordic Trade Unions faced with European Integration

In this article I have depicted some of the major concerns and determinants influencing the Nordic trade union debates over the development of labour policies and collective bargaining at the European level. My major aim has been to explain the deep and sincere ambiguity of the Nordic unions facing the simultaneous challenges of domestic crisis, internal cleavages and the gloomy perspectives for labour policies on the European front.

The creation of worker solidarity across European frontiers does not follow from any economic determinism, - it is essentially a political project. Despite domestic uncertainty and resistance, political considerations and long-term self-interest may prompt Nordic trade unions to support a more proactive, unified European approach. However, the major concerns of the Nordic unions seem to be associated with the negative effects of market deregulation on previously protected sectors, possible restrictions on regional policies, the negative unemployment effects of the restrictive Monetary policies of the EMU, and a general reluctance to transferring political powers to distant supranational institutions. In Norway control over national resources such as energy, oil and fisheries, raise special concerns. In more general terms the Nordic unions appear alienated from the federalist traditions of their continental brothers. Despite awareness of the transnational character of current problems and the dangers of international instability, exemplified by the currency turmoil, a majority of unionists tend to see EC cooperation more as a hindrance than as a means of resolving their problems. This is far from surprising, since the EC for long has been perceived as a borderless capitalist market, rather than as a political project, by the current generation of Nordic unionists leaders. Consequently, the challenges of European labour policies and cross-border trade union cooperation have had little visibility in the domestic EC debates. Such questions have been treated within a narrow group of trade union officials, leaving the memberships with sparse knowledge about this field of union policy. As a consequence there is plenty of ground for unjustified horror-scenarios of centralised Euro-agreements and EC directives, possibly replacing national agreements and collective regulations.

In analytical terms, the major impact of further European integration on the Nordic Model of labour relations will be intensified market pressures from below, exacerbating current strains and inherent conflicts in national labour relations. It is yet premature to judge the extent to which this will lead to lasting changes or to a revitalisation of national

cooperative traditions. The outcome will not be determined by any convergent EC-logic; it will be up to the social actors themselves to choose the way to solve the current problems. The turmoil in Sweden and Finland may point toward a drastic transformation of previous practices, while the relative stability in Denmark and Norway suggest continuity. Due to differences in economic situations and the national balance of power, intensified competitive pressures may strengthen tendencies toward diversity in Nordic labour relations. However, a common trend seem to be gradual and uneven moves towards deployment of bargaining and other union responsibilities, and steps towards greater independence of unions vis-a-vis the labour parties. The withering away of the welfare state and the political hegemony of social democratic alliances will force the unions to rely on their own resources in defending worker interests. The combination of stagnating growth, accelerating unemployment, reinforcing distributive conflicts, and the growing differentiation of employee interests along sectoral and occupational dimensions, accentuated by the EC issue, will certainly not make it easier to maintain a coherent and solidaric approach to the struggles ahead. The development of a large public sector and generous transfers to regional primary industries, creating cross-cutting social alliances, have been important pillars of the prosperous era of the Nordic Model. Faced with economic decline and the challenges of European integration, this features may turn into a boomerang for Nordic labour movements, leading to cross-cutting cleavages between 'traditionalists' and 'modernists', domestic and export sectors, public and private employees, periphery and centres, working class people and elites. - Thus, the successes of the past, threaten to pose barriers to adjustments of union policies necessary to meet the challenges of tomorrow. Earlier tendencies toward self-contentness and a neglect of ideological renewal and conceptual innovation, have thus tended to make the Nordic unions and labour movement prisoners of their own traditional rethorics. Lacking offensive political visions for joining the EC, the union proponents stick to pragmatic, economic arguments, playing down the political controversies associated with supranationality and the social and democratic deficits of the Community. Defensive policies of this kind are not likely to convince doubting union members.

As outlined above, the Nordic trade unions have so far not played a prominent role within the European trade union movement. The new pace of European integration from the mid-80s, and the altered orientations within the British and to some extent the German unions, have left the Nordic unions in a more isolated position. Torn between an increasingly federalist European trade union movement and a Euro-sceptical constituency at home, there has been no platform for proactive policies. The new context of union policy, however, stimulates demands for information, organisational reform and efforts to improve the capabilities (e.g., language) needed for dealing with international issues. But in a situation of domestic crisis and economic hardship, it is

not easy to justify increasing the priority and allocation of resources to such long-term ends.

The conclusion of the EEA-agreement may improve the position of the Nordic trade unions within the ETUC. Citing the strong unions and welfare policies of the Nordic countries, continental unions argue that Nordic EC participation could strengthen the political pressure in favour of the Social Dimension, reinforcing the bargaining power of the European trade unions. Acting together, the Nordic unions could probably exert some influence at the EC-level, although they are small in numerical terms. But this would require a deliberate strategy to overcome their predominantly protective approach, and would involve a more offensive policy for trade union integration at the Nordic level as well. Given membership resistance, the different national approaches towards European integration, and the relatively meager results obtained by trade union cooperation at the Nordic level so far, this will be no easy task. A good test case for the potential for Nordic trade union integration, would be the development of NFS and the Nordic Trade Secretariats from loose forums for the exchange of information, into tools for the coordination of union policies and agencies for influencing the Nordic governments and the EEA/EC-institutions.

Nordic involvement in European labour policies may have a double impact on national relations between unions and management. On the one hand, closer ties combined with conflicting positions among European organisations may create new tensions in national systems of labour relations. On the other hand it may invoke national, and possibly Nordic, tripartite collaboration in order to influence the outcome of EC and EEA decisions. Despite their cautious profile within UNICE so far the Nordic employer associations might well exert a positive influence on the policies of European employers. Realising that they are dependent on the unions to win support for EC membership, the business community has been careful not to challenge the official Nordic support for European social policies. Moreover, Nordic employers seem aware that the only way to sustain current levels of national welfare and labour costs is to improve the standards of their competitors. In the public sector, Nordic ministries and Municipality Associations are discussing opportunities for entering and reforming CEEP, in order to make themselves heard at the European bargaining tables.

Still, it can be argued that the impact of Nordic membership in the Community, may prove more decisive on the political arena than via the Euro-corporatist channels. Fighting to win support for membership and pressured by the unions, the Nordic governments have dedicated themselves to promoting growth and employment (exemplified by the Brundtland initiative), and supporting EC social and environmental policies as well as the relaxation of trade policies towards eastern Europe. Representing economically strong and politically integrated societies, Nordic politicians may have a decisive impact on the further development of the Community if they act in concert. From an ETUC point of view, however, this may have unpredictable effects. Having to struggle and compromise with fragile domestic constituencies, the

Nordic countries will certainly follow a very cautious approach to further institutional EC reform. Assuming that they follow the somewhat opportunistic line of arguing for subsidiarity and scepticism to the concept of an ever closer European Union, it is likely that the Nordic applicants will team up with the Danes and the British. Nordic membership would, hence, rather imply a widening than a deepening of the EC, combined with promotion of flexibility, diversity and the acceptance of integration at different speeds. Such a Danification of the EC, possibly reinforcing a kind of Nordic regionalism, would probably not be considered as a step forward by several of the continental trade unions.

Apart from the Danish, a clear majority of Nordic union members are opposed to EC-membership. Faced with vigorous opposition, the union power centers tend to follow more pragmatic solutions to dealing with dissent and rank-and-file protest than they did for example in Norway 20 years ago. In a situation of domestic crisis, the desire to avoid organisational disruptions and maintain power positions may outweigh the perceived benefits of EC-membership. For the Nordic EFTA-countries the EEA-agreement may therefore become a 'national compromise' that could be accepted by the majority of the unions and their members. While many unionists regard this as a lasting solution, several union leaders tend to perceive it as a necessary first stage which could provide the experience, knowledge and support for possible EC-membership at a later stage. A fundamental precondition for such a change of domestic opinion, however, is that the Community becomes capable of demonstrating real commitment and efficient action to fight unemployment. If not, it can never conquer its current lack of credibility and attractiveness to Nordic workers and their unions. The issue of European integration will certainly remain high on the Nordic trade union agenda throughout the 1990s.

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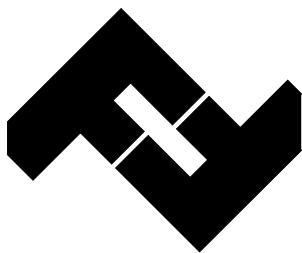
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