

A vertical strip on the left side of the cover features a close-up, high-contrast photograph of industrial gears or mechanical components, showing metallic textures and circular patterns.

From collective bargaining to social partnerships:



The Copenhagen Centre

New roles of the social partners in Europe

EDITORS : CARSTEN KJÆRGAARD AND SVEN-ÅGE WESTPHALEN

The Copenhagen Centre has initiated a programme that aims at shedding light on the present and future role of the social partners across Europe. Trade unions and employers' associations face fundamental challenges to their traditional bargaining roles, as areas of social and labour market policies are merging and converging, and accentuating the need for cross-sectoral approaches to a still wider array of spheres.

The programme involves surveys, analyses and publications, and will be concluded with an international conference in autumn 2002.

The Copenhagen Centre publishes this anthology as the first output from the programme. It includes contributions from five renowned researchers within industrial relations, social science and philosophy. Each from their distinct perspective they will present, analyse and discuss the current positions of the social partners and the private business within the realm of intertwined labour market and social policies in an increasingly Europeanised political context.

The Copenhagen Centre is an international institution established by the Danish Government in 1998. TCC serves as an intermediary for governments, businesses, social partners, agencies and civil society organisations. Focusing on social responsibility and the inclusion of marginalized groups in society, TCC strives to promote new voluntary social partnerships between business, government and civil society as a means to address social challenges.

TCC's core tasks are to conduct surveys, organise and facilitate networks, publish reports, conduct seminars, workshops and conferences, thereby supporting an international exchange of experience in the field of new social partnerships.

Sven-Åge Westphalen is programme manager at The Copenhagen Centre. His experience includes both the practitioners' level as well as research on European labour market issues, such as funding, social partners, training and human capital. His most recent work includes research on social partnerships in the Netherlands. In the present essay, he analyses the influence of the political, economic and social macro developments on the social partners' reorientation and restructuring.

Carsten Kjærgaard is an anthropologist by training; he is working as a consultant and advisor in Discus A/S. Discus is a Danish consultancy committed to the development of human resources on the labour market. Kjærgaard's areas of specialization include: active social and labour market policies; employability; job retention; corporate social responsibility; public-private partnerships; employment partnerships in Europe; "the encompassing labour market"; and the social dimension of human resource policies in enterprises.

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Employers' associations and trade unions are long-established cornerstones of the European labour markets, and their role in developing the European welfare model can hardly be understated. However, while maintaining their traditional bargaining role, the social partners, like businesses and governments, are undergoing substantial reorientations of their roles and objectives.

Across Europe, employers' associations and trade unions face important challenges in order to adjust to the rapid and profound changes of our societies. These challenges stem not only from within the realm of traditional labour market spheres, but also - and more importantly - from the changes in the ways societies organise themselves, share their responsibilities and distribute their wealth.

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These changes tend to dissolve barriers between what is traditionally perceived of as labour market issues, and as issues of social policy, environmental quality control, human rights, etc. Within all such areas the social partners have to actively formulate and implement policies. At the same time NGOs, community groups, business intermediaries and others are entering the stage, thus forming a much wider context of multi-stakeholder dialogue for the partners to relate to globally, as well as at national and local level. No doubt, the social partners' response to these challenges has bearings on their legitimacy as representatives of a still widening array of interests.

This anthology aims at developing a better understanding of the challenges by bringing five views on how the social partners and private business actually react nationally and in a European context.

The Copenhagen Centre (TCC) is committed to take further the important discussion about the role of the social partners in a changing world, and we would like to thank the contributors and the commentators for their valuable inputs.

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Minister for Social Affairs

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From collective bargaining to social partnerships

SVEN-ÅGE WESTPHALEN

The European labour market and the national labour markets are undergoing fundamental transformation processes. The implications for the social partners are both of an organisational and structural nature but also, and more importantly, accentuating the need for reformulating objectives and strategies. One important element of this is the formation of new co-operation structures with public authorities and organisations from the civil society, often referred to as new social partnerships.

FROM NATIONAL WELFARE STATES TO GLOBAL MARKET REGIMES

The fall of the Berlin Wall indicated the end of an era where democracy as a political system, capitalism as an economical system and individualism as a social system were still being contested. Fukuyama (1992) called it the end of history but history soon re-appeared albeit with a different agenda. Thurow (1996) identified this as a “punctuated equilibrium” understood as a sudden shift in dynamic forces. The fall of communism was one such factor as was the emergence of information and communication technologies, new modes of work organisation, production and distribution, deregulation of world trade and the globalisation of media, markets and communication.

It was in the post WW II period that the welfare state established itself as a projection of the achievements of the Western world, although in different settings and appearances. Governments, often in close tripartite co-operation with the social partners, introduced social safety nets for workers in particular and citizens in general with universal access to health care, education and pension and various forms of protective measures in case of unemployment or reduced work capabilities. Esping-Andersen (1999) identifies the four institutional pillars upon which welfare capitalism can be identified: the welfare states with its universal social citizenship, full democracy, the recognition and consolidation of trade unionism in modern industrial relations and, finally, the universal right to education and the equivalent development of mass education.

The continuing development of societies, however, also implied the expansion of new items on the political, economic and social agendas, in particular the concern for the environment and, more recent, the social cohesion in societies. The green movement surfaced as a mainstream political concern following the publication of the Brundtland

report (1987) insisting on sustainable development. The social awareness at the labour market, still ascending, has manifested itself through enterprises' social responsibility in the wake of the pressure on welfare states and their need for redefining the roles of the public, market and civic segments of societies.

The emergence of the triple bottom line concept (Elkington1997) encompasses this evolution where profit making, sustainability and social awareness are not seen as opposite but of complementary elements to business. The incorporation of environmental and social bottom lines alongside the financial bottom line is a dramatic reorientation of what exactly constitutes business thirty years after Friedman's famous words: "business' business is business."

The 1990s witnessed a string of developments transforming the labour market. Computerisation of production replaces Taylorism, self-organised teams replace foremen and the appreciation of products becomes increasingly intangible. First the expansion of the service sector, then the information and communication technologies and later the shift of attention from capital to knowledge became catchwords for the dynamic forces in the economy and in society.

But the underlying revolution is more fundamental than a shift between sectors, introduction of new technologies or globalisation of markets. "The new economy" is an organisational restructuring (Zadek and others 2001) involving all spheres of society at all levels mixing existing actors into new formations, constituting new alliances, setting new norms and supporting new objectives while rendering old habits cumbersome.

At the same time, societies have to maintain a sense of continuity and security. Otherwise, alienation and even hostility among conservative groups, weaker groups and groups vulnerable to changes may become counterproductive, both in political and economic terms but also in terms of cultural values and beliefs and, hence, the socially cohesive factors.

FROM NATIONAL INDUSTRIAL RELATIONS TO EUROPEAN SOCIAL PARTNERS

Despite periods of conflict, the post-war period has generally been characterised by a relative institutional stability at the labour markets in democratic economies. Rather, the period signified a steady increase in the formation of advanced industrial relations, which gradually have been widened in scope as well as in content. Policy-making took place in national contexts, which - with a few exceptions - did not undergo dramatic changes although the structures themselves had a varying degree of institutionalisation. Structures, which range from an institutionalisation of the social partners, e.g. formalising the policy-making and implementing powers, to governments keeping the social partners at arms length, e.g. limiting the powers of the social partners to that of pressure group activities.

However, the long-established concepts of work, workplace, company, employer and employee have gradually been diversified leading to a certain erosion of traditional employment relations. Adapting to changes at the labour market, the social partners have engaged in institutional reforms and re-orientations, in particular in the 1980s and '90s (Iversen and others 2000) but also in a certain institutional decline. The core labour market issues around which bargaining between the social partners took place, such as wage, working conditions and vocational education and training, have been extended also to include such areas as general education, social policy and environmental issues. While the latter may not be subject to traditional bargaining processes they are increasingly high on the social partners' agendas as they widen their objectives and policies in accordance with general trends in society and specific interests of their members, be they organisations or individuals.

A rather pessimistic perspective has been formulated by Traxler (Crouch and Traxler 1995) who distinguish between three main dimensions of disorganisation of industrial relations:

- Decentralisation; a shift from multi-employer bargaining at sectoral or central level to single-employer bargaining
- Deregulation; supplanting rules laid down by legislation or collective agreement as part of market process
- Disorganisation; a continuous weakening of the organising capacities of employers' organisations and trade unions.

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A fourth element should also be included:

- Internationalisation; supplanting national regulation with EU regulation, be it legislation or agreements.

The dimensions can all be observed in a European context though it may not necessarily have overall negative implications. Instead, they may be seen as transitional stages or developmental stages where the social partners and the labour market change according to general developments while also influencing the pace and direction of these developments.

In short, the reassessment of priorities and strategies can partly be attributed to general developments at the labour market: New production methods, work organisations, products and markets, increasingly often with an international dimension, have significantly changed the perspective of the social partners. Flexibility and employability have become the key words widening and supplementing traditional bargaining issues. Other factors are the global and regional interdependence on the one hand and the need for decentralisation on the other hand, which have widened the roles of the social partners but also challenged their traditional national and centralised structures.

Equally important, however, is the reorientation of the various actors and players in

societies at large. The labour markets are expected to address both the traditional aspects of employment, work environment and competitiveness as well as ensuring sustainability and social cohesion. Increasingly, enterprises have become integral parts of both the local and the global community where the labour market is not seen in isolation but as being part of a wider societal context.

Given the many interrelated yet also varying elements influencing the labour market, traditional approaches are not sufficient to explain recent developments. The corporatist models of linking wage bargaining with macroeconomic policy and social policy measures, sometimes with state interventions, are inadequate. Likewise, the neo-liberal deconstruction of labour market institutions and organisations, in particular in the wake of the fall of the communist regimes, has not offered viable solutions to upcoming and increasingly complex problems originating from technological, political, economical, social and cultural developments. Depending on the national contexts, this pattern may be referred to as either neoliberalism or lean corporatism and with only limited signs of leading to a convergence towards a genuinely European labour-relations regime (Traxler and others 2001).

What is evident it that the challenges have not resulted in the demolition of the social partners' organisations and structures. Rather, they are in the process of reinventing themselves advocating not only for instrumental and technical objectives but also along values and norms. Following the changing patterns of markets and societies, the social partners have moved beyond the strict area of the labour market into as diverse areas as environmental, social and education policies.

In this process, the dynamic forces of governments, business and civil society have become even more intertwined reshaping and transforming traditional divisions of responsibilities between the market and the state, civil society and business. Following the increasingly fluid but not necessarily more transparent societies, where long-established policy-making structures and traditional positions are under transformation, the social partners are trying to adapt accordingly.

In a European context, the social partners have been under pressure for both decentralisation and Europeanization structurally, downsizing organisationally and widening their scope of objectives strategically while seeing their nationally centralised bargaining structures undermined. Being the rule rather than the exception, negotiation now takes place within enterprises and sectors leaving centralised levels left with minimum standards and basic rights of which the latter may even gradually become objectives for European negotiations and policy-making.

The social partners, in a mixture of reactive and proactive policy formulation and strategy implementation, are being reformed into administrative and implementing institutions, consultative and advisory bodies and interest and formal participatory groups at sector, regional, national and international levels.

FROM GOVERNMENT TO GOVERNANCE: NEW SOCIAL PARTNERSHIPS

Traditional social partnerships, e.g. between employers' associations and trade unions, is a common feature in most national labour markets that has been successful in achieving competitiveness and employment goals, often in strong co-operation with governments. However, it is now generally recognised that continued success in addressing the dual aims of economic growth and social cohesion requires generic responses from a wide range of actors within society that extend bi- and tripartite co-operation. Partnerships that may take place at a local, regional, national and international levels.

Complementing employers associations and trade unions, the new social partnerships may include (Nelson and Zadek 2000):

- A wide variety of civil society organisations, alliances and networks, operating locally, nationally and across borders
- Individual companies
- New "business in society coalitions" or thematically organised business networks;
- Local, regional and national public institutions, authorities and governments;
- Regional and international multilateral governmental organisations, such as the European Union and the ILO
- Think tanks, foundations, research institutes and academic institutions;
- Individual citizens.

EU increasingly uses partnerships for general policy formation and co-ordination, e.g. in the National Action Plans for Employment and the National Action Plans on Social Inclusion. In both NAPs, which are prepared nationally, do a broad range of actors from the public, private, voluntary and community sectors contribute. Further, EU advocates the use of partnerships in specific programmes, such as the structural funds and in Community Initiatives (European Foundation 1998).

Nationally, governments have given area-based partnerships a wide and complex agenda in recent years as a means to addressing economic and social questions (OECD 2000). Partnerships that both involve macro-economic planning and local co-ordination, formation and implementation. "These new alliances represent an important source of innovation in both practical action at the local level and policymaking at the European and national levels (Nelson and Zadek 2000)."

New social partnerships are formed around a broad range of socio-economic elements including but not limited to labour market issues. Being dominant actors, the social partners are progressively more involved in areas previously considered public matters or community concerns outside their primary *raison d'être* but which are increasingly core activities within the industrial relations specifically and for the objectives and policies of the social partners generally.

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New roles for the social partners - and for business

CARSTEN KJÆRGAARD

"From collective bargaining to social partnerships - new roles for the social partners":

This overall title of the anthology might suggest that trade unions and employers' associations - the social partners - no longer fight and negotiate over particular interests. It might even anticipate that the European and the national labour markets are being transformed into a consensual field with a shared perception of "the common good" and how to obtain it.

This is surely not the reality. The social partners are of course still safeguarding particular interests of their members and constituencies. And these interests obviously sometimes tend to collide. Conflicts between actors are not brushed away simply by introducing a new consensual concept or a new ethico-moral way of thinking - whether it is it is termed *social dialogue*, as in the European Union, or it is called *new social partnership* as in The Copenhagen Centre.

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The intention of the title, however, is not to give the impression of a one-way evolutionary process away from conflicts, negotiations, struggling perspectives etc. Rather, the title is an invitation to discuss the whole range of new meeting points, where the social partners, governments, local authorities, private businesses, community groups and NGOs are trying to define issues of common interests with a wider societal perspective.

We do in fact believe - though the development is not unambiguous, and this is also debated in some of the essays - that social partnerships is more than an euphemism. Many local examples from all over Europe already demonstrate that the multi-lateral approach in such partnerships *can* be an effective instrument in dealing with a variety of social issues and employment issues, which cannot be solved by the authorities in isolation or within traditional industrial relation negotiations.

We also think that the proliferation of social partnerships, especially at the local level between authorities, businesses, unions and NGOs, is not only an ideological cover-up for more fundamental adversarial positions and interests. Rather, it represents a gradual change in *values* and a feeling that a lot of societal problems - particularly those of labour market marginalization - cannot be solved exclusively within a logic of particularized interests.

Finally, we sense a development, where the social division of labour between the state, the social partners, the private businesses and the civil society is changing. There are all kinds of reasons for this; but the crux of the matter seems to be “*a rehabilitation of the classical idea of cooperation*” (quoting one of the essays) in the form of social partnerships.

This is definitely worth a discussion, and that is why we have invited five researchers and six representatives from a number of central stakeholders to analyse and to comment on how the social partners and the private businesses relate to these developments and trends.

INTERESTS AND MOTIVES

One of the central themes in the anthology is how the social partners and the private businesses can contribute to the development of a more *inclusive and encompassing labour market*.

From a strictly representational and economic logic it might seem like a contradiction in terms that the trade unions and the employers’ associations willingly would join partnerships with an agenda reaching far beyond the immediate interests of the members and “the solidarity of the insiders”. This raises a number of questions - for example:

- Why would the social partners at European and national level take on - or even take over - a responsibility for the “outsiders”?
- Why would the trade unions supplement the traditional solidarity of brotherhood with a more generalized welfare-society solidarity?
- What would be the motives of private businesses in accepting the concept of corporate social responsibility?
- How can this apparently moral concept be compatible with the hard-core and omni-present economic logic and rationality in the age of globalisation?
- And how is it possible to compete and be solidary at the same time, as Jens Erik Kristensen concludes in his essay?

Any unit - whether it is a family, a business, a local community, a nation or the EU - is constituted by an uncountable number of reciprocal dependencies. This means that no matter the position and functions of individuals and institutions in the “social web” we are all dependent; we are constantly *referred* to each other. One might add that the mutual relations between the social partners (whether loaded with conflict or with a bias towards compromise or even consensus) are also fundamental expressions of reciprocal dependency.

The concept of new social partnership means that these compartmentalized reciprocal dependencies are brought together in view of longer-term interests, going beyond the one-to-one reciprocity. Whereas some reciprocal dependencies - as between unions

and employers - are often based on a simple exchange of wishes and demands leading to a variety of compromises, it is more complicated in a multi-actor social partnership for inclusiveness:

First of all, the agenda of such a partnership tend to reach beyond the actors within the partnership. It is more difficult to flesh out, how the interests are in fact weighed against each other and exchanged in a partnership. It is not so much an exchange as it is defining a shared position. This requires a strategic learning process by the actors in a social partnership - a process, which is based on a long tradition as far as traditional industrial relations and "old" social partnerships between unions and employers are concerned. But it is a process, which is still in its infancy, when we are talking about new social partnerships for an inclusive labour market.

Secondly, social partnerships - especially at the European level - also raises the problem of representational effectiveness, i.e. how do the actors in a multi-party social partnership connect with real constituencies? And how do the voluntary agreements in a partnership achieve the same kind of legitimacy and validity as collective agreements and legislation?

Thirdly, how can the partners in a partnership develop not only a common ground but also a *symmetrical* feeling of equal priorities rather than a suspicion that the problems of one of the actors is being pushed around? This is also a key problem in complex constellations like partnerships.

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The essays and the authors do not provide answers to these questions. But they pinpoint the central issues at stake, and they raise a number of dilemmas as to the limits for the social partners' commitment and the limits for the corporate social responsibility of private businesses.

Some of these dilemmas and problems will be summarized in the following short presentation of the five essays.

But first a few words about the selection of contributors:

THE CONTRIBUTORS

We have deliberately invited scholars from different research disciplines to present their perspectives on the possible changes in the roles of the social partners and businesses, when it comes to the promotion of a more socially inclusive labour market - in Europe, nationally and locally.

Therefore we have invited both three industrial relations researchers, a political scientist, and a historian of ideas.

- The first essay provides a conceptual analysis of "social partnership" and corporate social responsibility"

- The second essay combines a critical and theoretical discussion - within an industrial relations perspective - of some of the ambiguities of partnership and social dialogue with references to these concepts in an EU context
- The third essay gives a detailed analysis of how and why Danish and British employers are joining social partnerships
- The fourth essay provides a concise and critical overview of the “state of social partnerships and the social dialogue” in the European Union and in some of the institutions, which have been established on the initiative of the European Commission
- The fifth essay analyses the structural and historical conditions for social concertation between national governments and the social partners.

We have not been trying to reach any kind of homogenous and consensual picture of social partnerships. We have asked for critical, reflexive and manifold perspectives - and that is what we got.

Additionally, we have asked representatives from ILO (International Labour Organization), The Committee of the Regions, ETUC (European Trade Union Confederation), UNICE (Union of Industrial and Employers’ Confederation of Europe), DA (the Danish employers’ Confederation) and LO (the Danish Confederation of Trade Unions) to give their perspective on central issues in the development of social partnerships between trade unions, employers’ associations, governments, local authorities, businesses and civil society organisations.

These comments are presented after the essays.

INTRODUCTION TO THE ESSAYS

Jens Erik Kristensen is a *researcher of ideas*. In this article Kristensen discusses the concepts of *corporate social responsibility* and *new social partnership* as two inventive and collective ideas and forms of thinking. Kristensen believes that the two concepts should be understood as part of a new moral vocabulary on politics and economy in Europe. The invention of this new vocabulary cannot be credited to somebody in particular, but should rather be seen as part of a larger social manoeuvre, where both the state, the businesses and the social partners are changing their roles - and their inter-relations are changing accordingly.

Kristensen argues that businesses in fact has accepted that the concept of corporate social responsibility is not a contradiction in terms. The reverse is in fact true: social rationalities and economic rationalities are part of the same human resource strategy, or as Kristensen puts it “one could argue that corporate social responsibility makes a degree of economic sense”. However, this goes mainly for the company’s own employees. When it comes to the difference between the solidarity of brotherhood and the solidarity of abstract charity with the outsiders the rationalities are as a starting point more contradictory.

Nevertheless, this is not the whole truth, because the self-image of many businesses is gradually developing into a new identity - as a socially committed civil society or as a community which has obligations towards other communities.

Kristensen does not describe in any concrete way, whether this change of value systems will lead to a massive inclusion of the marginalized and the long-term unemployed in the private businesses. He only states that the discourse of corporate social responsibility has been solidly anchored in the ethical and social self-presentations of modern businesses - presentations which encapsulates both a capitalization of the social, a remoralization of the economy and a whole new way of presenting the relationship between businesses, the state and the civil society.

At the same time Kristensen argues that the state itself is changing from a paternalistic and all-responsible state to a facilitating and enabling state - or as he says - to the state as a partner. As we shall see in Martin's essay this, however, does not imply that the welfare state is shedding its responsibilities, because the delegation of responsibility to other actors in fact requires a very active state. So Kristensen's "animating state" is not an invisible state. Some of the social partners all over Europe might even argue that the development of social partnerships and state-sponsored campaigns for corporate social responsibility is accompanied by a state which sometimes is too eagerly intervening in issues which the social partners would prefer to handle by themselves.

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In conclusion the essay sums up "the partnership boom" in Europe as an ethical-moral transition from a perspective of confrontational conflict-and-struggle to that of trust-and-cooperation. But the range and limits of these partnerships still comes to be seen. Their real-life results - rather than their discursive success - very much depends on the actors' experience of the plus-sum games - or the synergy effect - which characterizes a "model" partnership.

Richard Hyman's article presents a historical and definitional survey of the multiple definitions of social partnership and of the concept of "social dialogue" which - Hyman says - is basically an EU invention.

He sees social partnerships as one expression of generalized social processes directed towards the accommodation of conflicting interests. He believes that it is much too simplistic to depict the participation of unions and employers' association in social partnerships *as if* conflicts has disappeared. Conflicts are still there, no matter whether we are conceptualising the interaction between the social partners as class antagonism, negotiations, contractual relations or social partnerships.

He is also sceptical as to calling partnerships consensual. Rather, he sees partnerships as part of a very long strategic learning process, where the partners gradually develop *trust* and define delimited areas of mutual interest. So the involvement of the partners in social partnerships is not really a result of paradigmatic changes as it is simply a

confirmation of the fact that the social partners are pragmatically dependent on each other. Roles and functions are only legitimated through mutual interaction. And if structural changes entail that the peak associations no longer are central negotiators, other fields of interaction have to be defined.

Hyman is not over-optimistic as to the potentials of the European social dialogue. He argues that the social dialogue between ETUC, UNICE and CEEP is only successful when it is dealing with "safe" positive-sum issues such as health, training and safety. Harder issues like a socially inclusive labour market is not very prominent in the social dialogue - not to mention core industrial relations issues such as wages and conditions of employment which is basically still negotiated at a national and local level.

Still, Hyman also expresses a cautious optimism, when he says that the soft dialogue may serve as a strategic learning process between the partners, leading on to the handling of more conflictual matters within the framework of a European social dialogue.

Hyman's article also touches upon the interfaces between the European social dialogue and the "civil dialogue". The institutionalization of the civil dialogue has been very speedy during the 1990s, and essential civil dialogue issues such as the environment, social exclusion, human rights and equal access to the labour market are increasingly being intertwined with the social dialogue between the social partners. This is an expression of the fact that - as Kristensen argued - the roles of the state, the labour market and the civil society are on the move.

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But according to Hyman the advances between the two forms of dialogue raise all kinds of problems, mainly of a representational character. Partly because "civil society" is an extremely slippery concept, and the civil dialogue is a battlefield of all kinds of interests. Partly because the mixing of the civil and the social dialogue will add to the already very precarious legitimacy of representation in the social dialogue at the European level. The question of "real constituencies" will be even more pronounced, says Hyman.

If the development of a symbiotic European social-civil dialogue is going to be successful, one would imagine that it requires a strategic learning process similar to the one that has shaped industrial relations, as we know them today. Or to argue like Hyman does: Only if the social partners, the state and "the civil society" can achieve a common definition of areas, where a conflictual approach would result in an unacceptable reciprocal damage, there is scope for a further development of a consensus in this "double-dialogue"; that is, a procedural rather than a substantive consensus, as Hyman puts it.

One might add, that this is in fact already happening in local areas all over Europe. And at the EU-level, ETUC and the Platform of European Social NGOs have launched a number of joint initiatives.

Cathie Jo Martin's essay is based on interviews with 100 employers in Denmark and in the United Kingdom. Martin's underlying assumption is that there is no single-explanatory framework as to understanding the corporate social responsibility of companies and unions and their motives to participate in public-private social partnerships. Rather, a whole range of variables and types of influences has to be scrutinized to provide answers to "the leaps of faith and the leaps of thoughts" performed by the companies joining social partnerships.

Martin's article particularly focuses on four types of influences on employers' acceptance or rejection of a corporate social responsibility:

- The overarching social welfare regime (social democratic or liberal; coordinated market economies or liberal market economies)
- The type of national business associations representing employers
- The economic and organizational characteristics of the firms themselves
- The role of government bureaucrats in mobilizing employers to participate in new social partnerships.

Martin argues that the new active social and employment policy in both Denmark and the United Kingdom is dependent on the willingness of companies to take on not only a social responsibility for their own employees, but also to integrate long-term unemployed, because private-sector training in businesses is by far the most effective integration mechanism as compared to public training and workfare initiatives.

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But why do some businesses accept this responsibility on a volunteer basis, whereas others do not?

Martin's essay provides a very detailed empirical documentation of motives and reason for joining and not-joining. One of Martin's interesting observations is that there are indeed regime-related national differences between Danish and British employers' participation in social partnerships (exemplified by differences in state policies and in rooted perceptions of the relationships and division of responsibilities between the state and the employers). But she also emphasizes that "the new brand of active social and labour market policies does not fit easily into a regime type" and that the interaction between the state, the employers and the unions is a result of both reaching-out strategies of the government/the local authorities, internal human resource policies in the businesses and subtle relations between peak associations and individual companies.

Martin argues that corporate social responsibility generally does not represent a withdrawal of the state or a shedding of its responsibilities. On the contrary, state-activism - especially at local level - is an extremely important driver along with internal business drivers. Many of the employers that Martin has interviewed say that their decision to join a social partnership is not a result of exclusive decisions within the company. Rather it is the outcome of a continuous dialogue with the social authorities, participation in local public-private networks etc. So government is not disappearing, and busi-

nesses are not taking over social policy. Instead, government is a very active player in redefining a new form of governance, with businesses as an integral partner.

Martin stresses that "the boundaries between the public and the private realm seem less distinct than ever" and that the shifting of roles and responsibilities *can* give added value to the development of a more "encompassing" labour market. However, the interdependence between the state and the businesses also raises serious and still unanswered questions: can the social partnership strategy be extended to encompass those who are truly disadvantaged, "the hard-core unemployed"? Or is this group of people in fact becoming even more marginalized concurrently with the expansion of social partnerships for those target groups directly compatible with the human resource logic of the businesses? And what will be the destiny of the time-honoured universalism of social policy in social democratic welfare regimes - and ultimately of the "steering capacities of the state", if a significant part of the local offers for the long-term unemployed are to be negotiated in public-private partnerships between local government, the employers and the unions?

Berndt Keller's essay focuses its attention on different forms of institutionalised partnerships at the European level. He describes and analyses social partnerships as they appear in a number of different forms and contexts: European Works Councils, The European Company Statute; social dialogues at the interprofessional level; social dialogues at the sectoral level; and the impacts of the social dialogue between the social partners on the European employment policy.

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The central question - which is mainly answered in the negative - in Keller's article is whether the development of the social dialogue in these European contexts can have a positive influence on social labour market inclusion at the national level.

The potentials of the dialogue in the European Works Councils at the enterprise level of multi-national companies (MNC) are not impressive according to Keller. The dialogue is limited to the interests of the actual employees in the MNCs, and these MNCs constitute a relatively limited percentage of all employees.

The same goes for the dialogue at the interprofessional level between the European peak associations. This dialogue, says Keller, is basically happening "in the shadow of legislation"; and most dialogue initiatives between the social partners are the results of Commission initiatives rather than "genuine" social partnership initiatives.

Keller displays quite a number of additional empirical examples, all supporting his basic argument that the European social dialogue between the peak associations has so far not contributed to a homogeneous "European model" of social inclusion. The Commission is still the prime mover when it comes to the development of partnerships for social inclusion; and the partners have only reluctantly accepted the Commission's offer - under the heading of "subsidiarity" - to take over part of the social responsibility.

Keller shares Hyman's scepticism as to the enlargement of the social dialogue to include a *multilateral* dialogue with the civil society at European level. He believes it will be even more difficult to negotiate any results, if the forum is widened. Keller says: "In other words, existing corporate actors and their closed circle of interest representation will be difficult to transfer into new, more open networks for a much broader range of interests".

Whereas Keller expresses doubts as to the possibility of developing multi-actor social partnerships and employment partnerships at the European level, he is more optimistic in his assessment of new social partnerships at national, regional and local level. The European welfare regimes are very different; the traditions of collective bargaining and social dialogue are equally manifold. And according to Keller it is simply unrealistic to believe that a mutually binding common ground for institutionalised social partnerships for inclusion can be reached at the European level. There are too many dilemmas of representativity, too much reluctance (especially among the employers) and too many problems of linkage to the core national issues.

So in summary, Keller concludes that "genuine" social partnerships with solid constituencies are more likely to pop up at the local and national level.

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Bernhard Ebbinghaus analyses forms of interaction between the state and the social partners within different European welfare regime types. Ebbinghaus' point of departure is the fact that "European welfare states vary in the way in which they share public space". In some countries there is a very formalised correlation between the state, the unions and the employers' associations, while in others the division of responsibilities is much looser defined. These differences in traditions and roles of course exert an influence on the way new social partnerships are organized. And Ebbinghaus analyses the various ways linkages are made between common social agendas and the agendas of the social partners.

Ebbinghaus makes a distinction between old and new social partnerships. The old partnerships refer to the institutionalised social concertation processes between the state and the social partners - for example in welfare state reforms (pension policy is Ebbinghaus' main example in the article), whereas employment policies against social exclusion and for social inclusion are often organized as more open-ended and less formalised new social partnerships.

Ebbinghaus describes why the state, the unions and the employers respectively are interested in wide-ranging and socially inclusive concertation. From the point of view of the state the obvious explanation is that it is better to bring on board than to impose reforms; and concertation also improve the implementation processes. For the unions and the employers the answer lies somewhere between concessions in a narrow, "old" sense and less quantifiable and longer-terms goals - the recruitment of new union members, social stability, stakeholder interests, human capital strategies, the prevention of state intervention, etc.

In Ebbinghaus' opinion, there is no simple relationship between "old" and "new" social partnerships, meaning that a national tradition for social concertation will automatically ease the way to partnerships for social inclusiveness. Sometimes it may even be the other way around: agenda-shifting can be very difficult, if the roles of the state and the social partners are very consolidated. However, Ebbinghaus also argues that "...when concertation is institutionalised as a continuous process, social partnership can build on social learning, developing a long-term perspective and building up mutual trust", eventually leading to other forms of more inclusive partnerships.

Generally speaking, the essay envisions a tendency to more long-term interest partnerships between the state, the social partners and civil society. He mentions the Irish NESF as an example of a new national social partnership including "outsider interests" and balancing the tendency of the "old" social partners to pursue particularist self-interests.

Finally, Ebbinghaus contemplates that an increasing number of social partnerships at the very local level will be both a challenge to the national peak associations and their "top-down hierarchical logic of interest representation" and a crucial source of local knowledge for the very same peak associations as regards information on new forms of solidarity and other approaches to and definitions of "interest".

Corporate social responsibility and new social partnerships

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REMORALIZATION OF THE ECONOMY - CAPITALIZATION OF THE SOCIAL?

For a historian of ideas, it is interesting to observe the generation of new collective ideas in one's own time, especially when this involves social or political ideas with great practical implications for the development of society and its self-representation. In the following I shall discuss two of these new ideas: that of *corporate social responsibility* and the associated but politically more generalizable notion of *new social partnerships* between private business, public authorities, labour markets organizations and voluntary associations of the civil society.

I shall treat these two concepts together because in both a Danish and international context they "popped up" together in the 1990s. In their point of departure, they were part of a general effort by the state to promote the political and moral involvement of the private business sector in social development in light of European governments' growing problems in managing social exclusion. As a direct contributor to the process of social exclusion, private business came to be viewed not only part of the problem but as part of the solution as well. With this effort, however, we are witnessing not only a new way of experiencing and thematicizing a social challenge. We also observe a more comprehensive effort to transform what was once a *welfare state* into a *welfare society*, a transformation which occurs via the political delegation and reallocation of social responsibility to market actors, to civil society and to individuals. One of the main agendas in this ongoing redefinition of societal responsibility is the attempt to reconcile the promotion of *economic competitiveness* with the maintenance of *social cohesion* and *solidarity*. In this effort, we are witnessing a moralization of the economy in exchange for a capitalization of the social and the human.

These twin ideas of corporate social responsibility and of new social partnerships cross-cut party political differences and have succeeded in setting a new ethical and political agenda the last decade. It is in this sense that they both deserve the label of what the French call "*idée fixe*", i.e. apparently self evident, all too bright and all too stiff ideas. In terms of the history of ideas, *idées fixe* have two important properties. First, they are inventive collective ideas and forms of thinking which have had the capacity to "fixate" themselves in the public debate as obvious and self evident, and as we know, there are many good ideas which never succeed in doing so. Second, it is a case of

ideas which have shown themselves to be more timely and adaptable ways of describing, articulating and “fixing” those problems, which could not be handled by existing ideas, forms of thinking and concepts.

Yet, it is precisely these properties which also compel us to regard “bright ideas” in the social and political spheres with a degree of caution. Self-evident ideas tend to render reflection superfluous; they tend to become a bit too bright and too fashionable, like the mantras of managerial gurus during the last decade. They live in their all too great self-evidence, seemingly devoid of political-strategic origins and conditions of existence. It is for this very reason that they are worth studying. Such a study can then result in extracting these ideas from their self-evidential character by contextualizing them - and eventually end up in qualifying them. At this point, however, I will leave the situation open. My goal here will be to describe their conditions of existence and their relations with other ideas and practical efforts in the social field during the last decade.

A NEW MORAL VOCABULARY IN POLITICS AND ECONOMY

It is important to emphasize that both *corporate social responsibility* and *new social partnerships* are not simply political rhetoric. At the European level, they have formed the basis for a wide range of practical initiatives, regulations and institutional measures the significance of which cannot be questioned. Throughout Europe, the private sector is in the midst of redefining its social responsibility. In their programmatic statements (such as those in the wake of the *European Declaration of Businesses against Exclusion*, presented in Brussels in January 1995, the 1995 *UN World Summit on Social Development* and the 1997 *Copenhagen Conference on “New Social Partnership for Social Cohesion”*) and in their practical implications these efforts to assume social responsibility have even been characterized as nothing less than a “quiet revolution”, if not of society as such, then certainly in social and labour market policy and in the way management is carried out in private business.

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The decisive aspect of this revolution”, however, is not so much that it is quiet, but that it is *moral* rather than *political*. Both “responsibility” and “partnership” are moral categories, and the fact that they popped up and were able to gain a foothold in the spheres of social and labour market policy is, I would argue, a symptom of a more general tendency characteristic of the last decade. It is a tendency which can best be characterized as a moralization of political and economic problems, leading to the rise of a new kind of “etho-politics”, which implies new forms of governance (Rose, 1999). We thus witness the emergence of a *new moral vocabulary*, which has penetrated into areas not formerly conceived primarily in terms of moral categories. This is the case with the ideas of corporate social responsibility and of new social partnerships.

These conceptions, however, are closely linked to and dependent on the recurrence of several other terms which have entered the political and economic debate during the last decade. One of these is the widespread reference to civil society in the political

debate, a rhetoric which is hardly more than 10-15 years old. We need go back no further than this to see how *civil society* was “rediscovered” or “reinvented” or should be “regenerated”, primarily on the basis of its moral-regulative qualities and virtues; hence the emphasis on: voluntary associations and voluntary endeavour, the mutual collective commitments and responsibility, solidarity of brotherhood, partnerships etc. And this is also true of the entirely parallel political anxiety about the loss of local, regional and/or cultural *communities*, which like civil society, must be “revitalized” or “strengthened” because of the morally regulative qualities inherent in the commitment to a set of shared values, norms and meaning - in short, to a shared particular culture of belongingness and identity (Kristensen, 1996). Closely linked to this, we have also witnessed a moral rehabilitation of the concept of *citizenship*, of “active citizenship” which implies the concept of “civic virtues” (civility and honesty, trust and mutuality, commitment and participation, duty and self-sacrifice, self-improvement and respect, etc.) (Tam, 1998).

In the economic sphere, this new “etho-politics” applies to such new expressions as “business ethics”, “ethical auditing”, “ethical investments”, the transition from a shareholder to a stakeholder perspective, and last but not least, to the newly emerging discourse of “corporate citizenship”, which centers on transforming private economic enterprises from self-interested actors in the market-place into citizens of a community and civil society actors (Zadek et al., 2001). These terms and phrases are symptoms of new and more ethical ways of governing economic life, and they are often seen as one of the effects of the “New Economy”.

Political and economic phenomena, and the problems of human associations generally, are thus increasingly being experienced and problematised in ethical terms as ethical-political problems. These terms and phrases embody a new way of thinking about human conduct (political, social, economic or personal) that is now spread throughout the cultures of Western Europe and North America. Until now it has found its most important political-ideological spokesmen in Tony Blair's *New Labour* and in the ideas of the *Third Way* (Blair 1998; Giddens 1998), both of which have played a decisive role in the modernization of the continental social democracies in the latter part of the 1990s, especially in the spheres of social and labour market policy. Much New Labour and Third Way thinking is informed by American communitarianism, especially the more practical and moral communitarianism of Amitai Etzioni (Etzioni, 1993), but also by theories of ‘social capital’ (Putnam, 1995) and by the vision of “stakeholding” that are often bonded together with the idea of “community”.

As we shall see later, this communitarian influence also holds for the ideas of corporate social responsibility and new social partnerships. At a more immediate level, however, the campaign for corporate social responsibility and the efforts to promote the creation of social partnerships has to do with ethics. These are concepts that refer to a “good cause” and to new forms of “good management”. They both have a virtually indisputable positive value and are often promoted with a quasi-religious aura of political idealism and practical worldly improvement. The extensive consensus about the

necessities and possibilities of these efforts across the political right-left spectrum, however, makes it urgent to look more closely at their often unarticulated social philosophical implications. As new practical measures and modes of “fixing” social problems, they also imply new ways of describing and understanding society, the state and business.

In other words, we are not dealing with isolated ideas which can be analysed and assessed in an isolated way, but of complex answers to new social challenges which have arisen due to the processes of change in our society, changes taking place in the wake of globalisation, the transition from an industrial to a knowledge-based society, and by the appearance of the “New Economy”. And the popularity of corporate social responsibility and of partnership are symptoms of new moral ways of experiencing, problematising and managing social problems, which had formerly been dealt with via the juridical political apparatus of the social or welfare state.

THE PROFITABLE CHARITY? - ON CORPORATE SOCIAL RESPONSIBILITY

Before we examine the relation of these key concepts to the restructuring of the welfare state, let us look more closely at the concept of *corporate social responsibility*. Corporate responsibility signifies a new way of conceptualising not only social policy, but also a new way of experiencing and problematising what a private sector firm actually is. It is a concept which has apparently succeeded in building the bridges between economic and social rationalities, a task formerly managed by the interventionist welfare state.

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I regard this corporate social responsibility concept to be radical in its point of departure and inventive in its social-philosophical implications. Corporate responsibility also formed the basis for relaunching the idea of *new social partnerships*, a concept which is neither especially new, nor necessarily especially radical or inventive in its social philosophical implications, but which seems to have obtained a strategically broader and more central importance in the European debate.

The idea of corporate social responsibility makes its European appearance in the 1990s - it would have been inconceivable in the 1970s. In Denmark, for example, the concept was officially launched in 1994 by the Ministry of Social Affairs, i.e. as a *social policy campaign* invoking contemporaneous European initiatives (primarily the “European Business Manifest against Social Exclusion” which was published by a group of large European businesses in close co-operation with the EU Commission - and later on formalised as the business network CSR-Europe).

The Danish campaign, entitled “Our common concern” was launched as part of “the renewal of Danish social policy” and as a first step toward the “reallocation of the practical responsibility for social problems”. As part of the Danish corporate responsibility campaign, private firms were encouraged to increase their social commitment and to involve themselves voluntarily in the solving and/or prevention of the social

problems which the public sector neither could nor ought to solve alone. Chief among these is the struggle against social exclusion and the so-called “ threats to social cohesion” . These threats were seen to derive from the possible polarisation between those who had jobs and those who had not, because of the recent decades of permanently high unemployment and strongly increasing demands on the workers’ skill, qualifications and educational level, whereby certain segments of the labour force found themselves excluded from the labour market and relegated to passive assistance on public income transfer payments.

With wage labour regarded as our society’s major mechanism for fostering social integration and giving social identity, and in light of the economic growth of recent years, there emerges the prospect of a future shortage of qualified labour; hence, the corporate responsibility concept also entails the creation of a more inclusive and “ encompassing labour market” , which allows for employment on conditions other than those which apply to the normal labour market. Private firms were encouraged to contribute to this effort, with or without public support. This would occur via the establishment of specially protected or flexible jobs, sheltered workshops, “ work-fare” schemes and trainee positions, initiation of an active seniors policy and various other initiatives by which existing workers can be retained and/or mobilization can take place among people who would otherwise be relegated to an isolated life as disability pensioners, long-term unemployed, welfare clients or early retirees.

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Under the rubric of *voluntary endeavour*, private firms are now encouraged to involve themselves in decentral *social partnerships* and networks linking local municipal authorities, private firms and trade unions. In recent years, public funds have continued to be allocated for pilot projects; innumerable conferences have been held. And lastly, the Danish Ministry for Social Affairs, in the Spring of 2000, launched the *Social Index*, a new method for calculating and comparing the social responsibility activities of private and public enterprises.

From the very outset these social policy initiatives were also supported and even passionately promoted by key figures in the domestic and international business community (for example the *European Business Network for Social Cohesion*, *Prince of Wales Business Leaders Forum*, *World Business Council for Sustainable Development*, etc.). How was it possible, within the framework of private firms, to produce an accord between what were formerly viewed as fundamentally conflictual political and economic rationalities in dealing with these social questions? Are we in fact dealing with a case of accords in what seems to be a mutual interpenetration of economic and social policy rationalities? Let us look more closely at the different rationalities embedded within this idea of corporate social responsibility.

THE SOCIAL POLICY RATIONALE

The basic political idea behind the concept of corporate social responsibility is that private firms can and must be brought to *voluntarily transcend* their narrow economic

interests in their own profitability and competitiveness and to move toward a more humane and social policy engagement at both local and national levels. Although going beyond the narrow confines of profitability seems to require a jump start using public support funds, the idea from the political side is that over the long term some kind of overlap will appear between the firms' evident goal of profitability and competitiveness and their voluntary moral and political assumption of social responsibility. And this overlap would also extend *beyond their internal concern for their own workers*, expressing itself, for example, in the establishment of protected and flexible jobs for those formerly excluded from labour market. Advocates of corporate social responsibility thus seek to delegate their public duty, social responsibility, saying that since the private business itself is a contributor to the social problems, which social policy systems can no longer manage alone, they must take upon themselves a long-term moral and economic self-interest in becoming a part of the solution to these problems.

THE ECONOMIC RATIONALE

There are indications that the idea of such a possible overlap of social and economic rationalities is not totally foreign to the desires of modern business leaders - though in a manner which does not entirely accord with the social policy rationale and the moral undertones in the political delegation of social responsibility. In principle, however, there is no reason to either belittle or overvalue the moral motives or social policy anxieties of modern European business leaders. Further, analyses indicate that the private sector's receptivity toward the idea of social responsibility is not in any necessary contradiction to a modern private firm's pursuit of economic interests. In fact, one could argue that corporate social responsibility makes a degree of 'economic sense'.

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That firms not only have economic, juridical and labour law responsibilities, but that they *voluntarily* can and ought to take on a social responsibility is not the invention of various European ministries of social affairs during the 1990s. In fact, the idea derives from American management thinking, which as early as the 1960s was invoking expressions such as "corporate social responsibility" and "corporate social responsiveness". From their launching, these ideas have certainly been in dispute, especially among economists. Nevertheless, the notion that private firms can and ought to assume a certain social responsibility was taken up again and in the 1980s incorporated into the systematic development of the field of *business ethics* (Bowie, 1982). In this context, however, the notion of social responsibility is more restricted: it denotes the necessary and economic rationale of a firm which in its personnel policy assumes a certain responsibility for the welfare and security of its own workers so as to retain and bind them closer to the firm, and as a repayment for a larger involvement in and commitment to the firm's economic goals, what we would call *internal responsibility*.

The necessity of this internal social responsibility is economically and strategically grounded. It follows from the intensified competition in the globalized marketplace, the restructuring from mass production to flexibility and customer-driven quality pro-

duction and service, and from the higher technologically-based skills required of the labour forces. These imperatives compel modern firms to increasingly mobilize, develop and nurture all their “human resources”. Modern firms have become more dependent on workers who are flexible and creative, but also motivated, committed and loyal - in short, workers who are able to cooperate and willing to take on a share of production decisions themselves. These new management rationales express themselves primarily in new forms of *human resource management*. Hence, we see forms of management and organisation based on increased incorporation and participation of the employees. Such forms can simultaneously promote individual responsibility and collective identification and that “we feeling” which is supposed to sustain and strengthen the ‘corporate culture’ of shared values and commitments.

It is worth noting, however, that this internal culturalization and solidarization, this cross-cutting of contradictory interests, is conceived primarily as a moment in the total mobilization and build-up of the firm in the economic competitive struggle vis a vis the outside. In this logic, the firm's internal social commitment approaches an economic necessity. It does not require any additional moral or social policy justifications. At this level of internal competitive solidarity, therefore, social responsibility will remain internal and restrict itself to the firm's own workers, or even to specific groups of workers. As an internal measure to remain efficient, the idea of a firm's social responsibility is not in opposition to profitability; rather, it is a necessary measure in the optimal utilization and mobilization of human resources.

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THE ECONOMIC AND SOCIAL POLICY RATIONALITIES

Precisely this special form of interpenetration between the social and the economic at the level of the firm can explain why the *internal managerial* concept regarding social responsibility has difficulty in dealing with the social policy concept that a firm also has an *external responsibility* for the excluded or for the creation of a more inclusive labour market. Whereas the management concept has a private economic interest in internal solidarity and cohesion for increasing a firm's competitive ability, corporate responsibility as a social policy concept focuses on contributing to the general welfare and common good. It is a political concept for achieving *social solidarity* and *social cohesion* at the societal level.

In terms of moral philosophy, the relationship between these two forms of solidarity - internal and external - can be described as a tension between *the solidarity of brotherhood* (the solidarity with one's fellows) on the one hand, and the *solidarity of abstract charity* on the other (cf. Schmidt 2000). In other words, the social policy and the economic rationales do not allow themselves to directly interpenetrate, although to a certain degree they can accommodate each other. Whereas the concept of corporate social responsibility in the sphere of social policy was grounded in the welfare state's powerlessness in the face of unemployment and social exclusion, the concept could gain a foothold in a private firm framework as part of a new way of managing (identify, integrate, mobilize, dynamize, optimise, etc.) a firm in relation to new flexible mar-

ket conditions. Hence, one finds business leaders who actively support the idea not only as a social or moral obligation, but primarily as an economic necessity: a “good investment”. This is not to say that a firm’s internal social responsibility cannot be genuine enough when viewed from the perspective of the affected workers, or that it cannot, from a social policy perspective, eventually become *preventive* in the form “work retention”, i.e. in holding onto workers who would earlier have been fired due to illness, alcoholic abuse, family problems etc. However, it has only a limited degree of *therapeutic* benefit in relation to those social policy problems which the welfare state seeks to delegate to private firms, as the firm’s social responsibility is ultimately bound to - and thereby limited by - profitability and maintaining its competitive edge.

THE INTERPENETRATION OF SOCIAL POLICY AND ECONOMIC VISIONS

Up to now, one can only guess as to the long-term impact and conjunctural sensitivity of the concept of corporate social responsibility. It is therefore just as hasty to speak of a ‘social revolution’ - as do some observers - as it is to reject the concept out of hand as a moral illusion which overlooks the irreconcilable contradictions between economy and ethics in private capitalist firms. The situation is clearly more complicated than that. Social considerations could in fact gain a certain foothold in the economic logic, and conversely, the social policy campaign itself was in its point of departure an attempt in “economising” a part of social policy. Up to now, however, the entire affair, i.e. the coalescence of social policy and economic rationalities has not immediately evolved into any kind of higher unity, not to mention any higher economic sense - even if it is often connected with the concept of “New Economy”.

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Thus, there is good reason to briefly examine the more implicitly social policy and firm strategy visions which eventually can explain the self-evident character in which corporate social responsibility is discussed today, despite the presence of contradictory rationales in its realization. On closer examination, it is revealed that the idea not only implies a new and ambiguous *ethico-political vision* of social responsibility and of how it is possible, in view of the weakening nation-states, to ensure and promote social solidarity at the societal level in the future. It also implies a new and related *cultural* and *ethico-economic vision* of how we should understand the private firm in an organisational sense and of the future potential of private firms generally.

Because of these two related visions, the European project of “modernization of the public sector” has been able strategically to ally itself with the new art of business management and its “modernization of the private sector”. This occurs as part of the promotion of a new form of decentralised administration of social solidarity and welfare, which would apparently relieve the state of certain burdens, but without just giving it over to the forces of the market. Instead, there is an attempt to promote new partnerships between the public and private sectors and to allow their political and economic rationales to interpenetrate in the “third sector”, i.e. in the “rediscovered” or “reinvented” civil society, which is both semi-public and semi-private. It is especially

in light of the rediscovered civil society that it has now become conceivable and politically meaningful to distinguish between the 'welfare state' and 'welfare society', and to assert that the dismantling of the welfare state can take place concurrently with the promotion of the welfare society. In this new conceptualisation, "society" covers a whole range of entities: individuals, families, local communities, associations, organisations, institutions, firms etc. Each of these entities has now been delegated social responsibilities and welfare tasks.

That the social political slogan of corporate social responsibility has been positively received in (parts of) the private business sector is not only due to the fact that this was anticipated by the vision of firms as cultural value communities, which must take on their share of internal social responsibility. It is also because modern firms have been endeavouring to appear as communitarian fusions and thereby as a kind of socially committed civil society (e.g. a family, a brotherhood, a culturalised value community), albeit a community whose project and common destiny is organisational survival in the economically competitive global marketplace. Therefore, modern management theory now attempts to combine cultural, moral and social objectives with its economic imperatives. Modern firms, we might say, are now in the process of joining the global economic rationalities of the market with local moral rationalities of civil society. Hence, modern firms have to mediate the dual processes of increasing globalization and increasing localization which marks this "new era of glo-calization" (Robertson, 1995).

FROM WELFARE STATE TO WELFARE SOCIETY

At this level, therefore, there is a certain *symmetry* between the managerial and social policy concepts of corporate social responsibility. This symmetry derives from the fact that the social policy concept had its origin in the powerlessness of the public sector to deal with social exclusion and the corresponding growth in the number of people on income transfer payments. Viewed as *governmental strategy*, however, corporate social responsibility is also an example of the general *decentralization* of public responsibility. Over the last 15-20 years, decentralization has functioned as a practical solution to the "crisis of the welfare state", bringing with it the "delegation of responsibility" and increased local influence on fulfilling public tasks (shifting control and accountability downwards to localities in the form of either increased "user influence" via citizen participation or "consumer influence" via "freedom of choice" through a range of different options).

The extended political consensus about this project is based on the well known diagnosis of the crisis of the welfare state not only as a crisis of financing or effectiveness, of bureaucracy or paternalism, but of a deeper *moral crisis*: in its administration of social solidarity, the welfare state had, in the name of "society", taken on the responsibility and the sense of the close social obligations from individual persons as well as from the families, local communities and private companies. Instead, we have obtained a legalistically-based, professionalised and centralised administration of social

solidarity and welfare, a bureaucratic-authoritarian and paternalistic caring and treatment system of “agencies” which has promoted a “culture of passivity” and nurturance and an ever more noncommittal and individualistic “culture of independence” based on the promotion of individual rights without responsibilities.

The response to this moral crisis consisted in the attempt to place responsibility for welfare and solidarity out back into “society” again. The welfare state burden was to be relieved by rebuilding the sense of social responsibility. Hence, the 1990s have been marked by the rhetoric of “activation”, “participation”, “mobilization” and “imposing responsibility” on those who had formerly avoided their individual and social responsibilities. The concept of “corporate responsibility” was but one example of this general *politics of responsabilisation*, whereby individuals, parents, families, the local community, voluntary associations and firms are encouraged to take on more social obligations in spheres once administered by the welfare state.

Such a delegation and mobilization of societal responsibility, however, can take place in several ways. In the neo-liberal 1980s, reliance was placed upon the market and emphasis placed on increased “freedom of choice” and on the individual responsibility as a consumer in relation to the market’s economic interest calculations. In neo-liberal and neo-conservative political thought there is no contradiction between the free market founded on the liberty of the individual to act independently of collective and state interference and the emergence of a moral responsible and self-caring civil society (c.f. Green, 1993). The neo-liberal arguments for “reinventing civil society” and social virtues, however, are based on the premise that only free market forces can provide the mechanism for securing social order and individual freedoms. Thus, the freedom and responsibility of the individual is given priority over other social entities in the neo-liberal perspective.

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In the 1990s, with New Labour and European social democracies in search of an alternative “third way” between free markets and welfare state socialism, we have witnessed another “reinvention of civil society”, primarily in the sense of “third sector agencies”, and the proliferation of a different rhetoric of personal as well as social and political responsibility and participation. A rhetoric more closely connected to the “rediscovery of community” and communitarian ethics of belonging and commitment. This rhetoric is found, for example, in the current focus on the family’s responsibility and obligations, in the call for activation of the local communities and third sector agencies to play a greater part in providing welfare service, the local communities’ participatory civic spirit, and similar initiatives. The slogan of the 1980s: “less state, more market” now competes with “less state, more civil society”, signaling in this context the new responsibility and relations of commitment between individuals and local communities beyond state and market although without abandoning a role for the state or ignoring the market.

It was this promotion of new relations of commitment between individuals and communities which former Danish minister of social affairs Karen Jespersen, in the wake of

the rise of New Labour, referred to as “a quiet revolution”. It is a revolution, which entails “a change from a bureaucratic patronizing welfare state to a decentralized welfare society where the individual obtains far more influence and much greater responsibility... If we want to hold onto our welfare society, it requires a new form of community” (*Politiken* Aug. 31, 1997). That we are speaking of a “revolution from above” rather than simply pressure from below is evidenced by the social minister’s assertion that “the individual’s new role toward the community is in reality an entirely *new form of political government* based on values rather than regulations and laws” (emphasis added). Obviously, the minister seeks to supplant centralised bureaucratic welfare by community-based systems of solidarity which operates from the bottom up. But this also involves a greater individualisation of welfare which shifts the burden of insuring against hardship away from the state back down to individuals.

The theme that the “welfare state” should be replaced by the “welfare society” has become conventional in recent political debate on welfare issues. In this transition from “welfare state” to “welfare society”, communitarianism promises a sort of moral contract or partnership between an enabling state and responsible citizens. Thus, with this transition, however, it is not only the state’s role and responsibility, but the very notion of “the social” which is starting to change. The concept of “the social”, based on the insights of Durkheimian sociology, formed the basis for and legitimated the construction of the welfare state’s social legislation and social security systems (Donzelot, 1984). It refers to society’s social division of labour and the invisible, but fundamental interdependency between all groups of society. According to this vision of the social, the welfare state had to become the visible guarantor and organizer of social solidarity. The state administered and mediated the balance between the social and the economic progress in terms of the general welfare. Central to this view was the notion of social citizenship, which concerned the ways in which equal social rights could be accorded to all members of a single national territory.

Now under pressure, the national welfare state is attempting to turn over and “decentralize” its former welfare policy role in mediating the social and economic responsibility to “society” itself, i.e. to the market and to civil society. To this end, the state must support and promote new mediating alliances between the competitive principles of the market and the solidarity ethic of civil society as they are expressed, for instance, in private firms’ quasi-communitarian corporate cultures and in the ideas of corporate social responsibility and local partnerships.

In other words, the state is no longer the only actor which must ensure the compatibility of social and economic progress, between solidarity and competitiveness. Moreover, the state can now be relieved of its powers and obligations to know, plan, calculate and steer from the centre. The state is no longer required to respond in a universalistic or paternalistic way to all society’s needs for order, security, health or productivity. People can and should take care of themselves. To a certain degree, the state can now draw back and reduce itself to becoming a residual safety net, saving its compassion and caring agencies for the weakest and the excluded, i.e. for those who cannot

immediately be absorbed into the new forms of local particularistic brotherhood solidarities. As the concept of "the social" gives way to "community", new images of the state and the role of government are occurring: no longer the image of "the social state" or "the welfare state" but of the facilitating state, the enabling state, the "social investment state" (Giddens, 1998) or "the state as animator" (Donzelot and Estebe, 1994). No more is the state's role solely to supply services. It now creates frameworks and allows possibilities; it encourages and animates individuals, firms, local communities, school, parents, voluntary associations and organizations to become partners and to take upon themselves the social responsibility for resolving social problems.

This new enabling and animating role is particularly significant in the current build-up of national competitiveness within the global knowledge economy, where the main source of value and competitive advantage is supposed to lie in human and intellectual capital. As is so often reiterated in New Labour and Third Way politics, the key to the "new economy" lies in the investment in people's knowledge, skills, entrepreneurship and innovative capacity. In the wake of this new agenda, the "national-competition state" must seek to promote the transition from "the caring and dependency culture" of welfarism to a more competitive "culture of development". We thus observe the overriding national priority is given by European countries to education and training - or in the current jargon: to "life-long education" and "development of competencies" - not only in the school-age years, but starting from nursery level and continuing to the third age (if not from cradle to grave). Through the slogans of "life-long education" individuals are turned into entrepreneurs, each of us striving to maximize our "human capital" (labour force and personal talents) by choices which are to be considered as investments for capitalizing one's own existence in the name of national competitiveness (Rose, 1999). In this culture of change and life-long (never ending) development, individuals have the moral duty to continually invest in the flexible development of their competencies. This trend points toward a growing interpenetration between the political, economic, pedagogical and therapeutic rationalities in the management of firms and that of national educational policy (Kristensen, 2001).

The new state is therefore discussed in tandem with the "responsive state" and the "initiating" or "animating state", which via delegation of responsibility and participatory influence will "encourage", "stimulate" and "involve" the citizens and firms, prodding us towards more individual responsibility and more local participation in communities. What we have is nothing short of the "supervisory state", i.e. a state that, from its former role as guardian and caretaker has now become the great advisor in assisting of society's social and economic development toward of a new synthesis of "competitive solidarity" (Streeck, 1999). Social solidarity is sought not through redistributive social policy and equal outcomes, but through investment in equal opportunities and abilities of individuals to survive in the intensified international competition. Thus, public policy will increasingly be deployed not to protect individuals from the market, but to improve and equalize their "employability" and "marketability". Traditional concepts of solidarity will be infused with a business-like spirit of efficiency and self-sufficiency.

THE CAPITALIZATION OF THE SOCIAL

Before we turn to a few closing remarks on the concept of new social partnership, let me summarize my view of corporate social responsibility. The social policy campaign of corporate social responsibility could be considered as an attempt to promote a new form of community or fraternal solidarity based on individual responsibility and duties toward those who are close to us as members of the same community. In this sense, corporate social responsibility was an attempt to *remoralize the economy*, by importing from the ethics of responsibility, reciprocity and obligation. At the outset, this effort seemed to clash with the limits of private economic profitability. However, it turned out to be congenial with the last couple decades of organizational modernization and management streamlining. Within this framework, it became a necessary and profitable management strategy to nurture internal solidarity within the corporate culture by incorporating, allocating responsibility and obliging the individual worker to act upon the firm's common values, visions and missions. Firms could increase their productivity and their competitiveness by assuming a greater social responsibility. Here is an economic rationale for promoting a moral order of trust and cooperation, resulting in what may be called the *capitalization of the social*.

The idea of social capital is a relatively new idea when compared with the more commonly used concept of physical capital and human capital (Coleman, 1988). The latter refers to the creation of skills and knowledge in people through education and training which can be used to improve their productive capacity and performance. Social capital in the economic and managerial context refers to the relations between economic actors and expresses the degree of reciprocity and trust necessary to conduct commercial and productive transactions. In a more general sense it can be described as the capital embodied in strong relations and networks among persons, in the strong sense of duty and obligation built up over time, based on the ability to rely on other people. The concept of social capital stresses the significance of these elements and competencies for the economic success of companies and is seen as providing the central idea of how the new economy works.

This modernization of private firms' relations and organizational forms, however, is proceeding to change the conventional wisdom of what a private economic firm actually is. A private firm no longer appears as a conflictual cooperation between two contradictory societal class interests (employer and wage-earners), nor is the firm a competition between incompatible rationalities, one economic the other social. From a managerial strategic perspective, a modern firm now endeavours to appear as a socio-economic value community which is situated in a local area and obliged towards other communities (businesses, voluntary organizations, citizens groups etc.) in this area. This is also what is meant by the widespread New Labour rhetoric of "the stakeholder society", whereby the "reinvention of community" is now celebrated as an alternative to a purely economic and individualistic conception of human conduct - or in Tony Blair's words: "People are more than separate economic actors competing in the market-place of life. They are citizens of a community. We are social beings nurtured in families and communities and human only because we develop the moral

power of personal responsibility for ourselves and each other..... Our relations with and commitments to others are not add-ons to our personalities: they make us who we are" (Blair, 1996).

Precisely by virtue of the idea of particular "corporate cultures", it became possible to unite the social and the economic into a single internal modernization dynamic able to meet the needs of the employees: it could provide individual possibilities for advancement and social goods because it could promote loyalty, productivity and return on investment. Hence, both in public and private frameworks, we observe the emergence of new forms of social solidarity via altered methods of control and management, and in both cases the effort revolves around mobilizing and obligating via the delegation of responsibility. The fact that the two different forms of modernisation in the public and private sectors can come together in the idea of corporate social responsibility is not because a new economic rationality has arisen. Rather, it is because the interaction of the two sectors is mediated by a new way of conceptualising and capitalising social bonds under the conditions of individualization, i.e. as a communitarian relationship between individual and community. Hence, the new attitudes about the enterprise and about the decentralised welfare society both rest upon the same social philosophy (Kristensen, 1996), a social philosophy that also underlies the recently widespread idea of new social partnerships and the idea of 'partnership alchemy'.

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OLD SOCIAL PARTNERS AND NEW SOCIAL PARTNERSHIP

The emergence of the idea of social partnerships reflects the effort to get firms to assume their share of social responsibility in entering into more systematic cooperation with key local actors, primarily trade unions and municipal authorities. It is against this background that the concept of *new* social partnership has gradually supplanted the traditional concept of social partnership between what were formerly known as the "labour market negotiating parties", i.e. between national employers' associations on the one hand and trade unions on the other, negotiations which was supposed to address the problems of achieving stable economic growth and ensuring employment goals in co-operation with governments.

What has changed is that the notion of partnership has now been disassociated from the narrow horizon of labour market policy. New voluntary partnerships may now take place on many levels and between a variety of organizations, companies and institutions. On this background, The Copenhagen Center defines "new social partnership" as: "people and organisations from some combinations of public, business and civil constituencies who engage in voluntary, mutually, beneficial, innovative relationships to address common societal aims through combining resources and competencies" (Nelson/Zadek, 2000). They are needed, so it is said, to address societal problems where traditional single sector approaches are proving inadequate. Hence social partnerships today basically denote partnership between government, business and civil society agencies - or between the rationalities of state, market and civil society.

As such, they are conceived as “new governance” in light of the shifting balance of power and capacities between the state, the market and civil society.

For better or for worse, “partnership” has become a collective designation for every form for co-operation between public, private and civil organisations or between institutions and their stakeholders. Conceived here, partnership relies on the principle of the voluntary and the reciprocally facilitating engagement in common social (pedagogical, educational, health policy, labour market policy etc.) objectives. It is on this background that we now speak of a veritable “partnership boom” such that innumerable institutional relations far beyond the private sector can now be described as ‘partnerships’. This applies, for example, to “partnerships about the next generation” or to the relation between kindergarten and public school as “learning partners”.

In such generalized forms, “partnership” is really but another word for obligatory *co-operation* between actors regarding common purposes or shared missions and based on mutual respect, trust and shared commitment. This widespread propensity to conceive of every reciprocal cooperative relation as a partnership is a symptom of a general cultural and political change in mentality. It is a new way of experiencing, problematising and regulating social and institutional relations, where we are made dependent upon each other and can therefore be said to have common objectives. And herein lies the genuine novelty in the current use of the concept of partnership, its distinctly positive value and its well-meaning diffusion to ever more spheres of social life formerly characterized in terms of conflicts, at least, by conflicts of interest.

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As previously noted, neither the public articulation nor the concept of social partnerships is especially new. Partnerships have been known in many forms, especially in the private sector, where it was normal to enter into economic-strategic partnerships with clear reciprocal interest motives. It is therefore appropriate to recall that the expression “social partnership” played a key role in the Marxist reformist critique of the 1960s and 1970s. This is especially true in the German variants of this critique, where the idea of “social partners” was closely linked to the “illusion of the social state”. In contrast to today, social partnership was criticized as ideology and regarded as a distinctly pejorative concept: the notion of a “social partnership” between employers and wage earners was viewed primarily as an ideological smokescreen for fundamental and antagonistic class interests, a rhetorical device to mask the contradiction between wage labour and capital; in a reformist way, the concept served to veil the harsh reality of exploitation and thereby impeded the class struggle. The expectation was that the crisis of the 1970s would sharpen the contradictions between wage labour and capital, thereby exposing the underpinnings of the “social partner ideology” within the reformist section of the trade union movement and ultimately supporting the development of a truly revolutionary class consciousness.

As we know, events did not proceed this way. It was not revolutionary class consciousness which wore down the Keynesian social state illusions, but the neo-liberal critique and modernization of the welfare state which, along with the individualisation of the

work force and the flexibilisation of the labour market, culminated in the gradual undermining of the traditional trade union's political status. Trade unions today have been forced to redefine their roles from central negotiating partners to decentral social partners. My intention in noting this episode in the history of the idea of social partnership is to illustrate that the notion of social partnership has obtained a new, undeniably positive political valence today, in which "partnership" is a new way of experiencing and problematising reciprocal dependency in social relations formerly understood as conflictual in terms of interests and class.

The partnership 'boom' marks a social philosophical transition to a new, more moral perspective on social relations and forms of regulation, a transition from a perspective of confrontational conflict-and-struggle to that of reciprocal trust-and-cooperation. In the conflict perspective, there are winners and losers, while the partnership view, which replaces conflict with co-operation, and mutual antipathy with synergy, projects only winners. This is conditional, we might add, on the parties being able to win and retain each other's trust and confidence in carrying out their reciprocal obligations. On this point, one can therefore say that the popularity of the idea of partnership is also a symptom of a sensitivity about social relations, which from another optic can be described as a new and generalized sensitization and avoidance of conflict: we have no wish to take on the hard conflicts, we would rather enter into soft "social dialogues" where the decisive aspect is that we all contribute to optimising "cooperation". This is reflected especially in the currently predominant ideas about democracy: democracy is dialogue, democracy is talking together in a civilized way, democracy is "a conversation"; all while we tend to forget that democracy was once conceived as a peaceful way of conducting and dealing with conflicts!

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The current boom in partnership is bound up with the idea of "the voluntary". No one can be forced into partnerships anymore. Partnerships rest upon a fundamental reciprocity which makes cooperation morally binding and mandates responsibility toward common goals. Hence, we are witnessing a rehabilitation of the classical ideas of cooperation, expressed in a modern way in the notion of "team-building", and the idea of "moral contracts" which in reality are agreements which must supplement the classical juridical-economic contracts formerly based upon the pure exchange of interests with the potential of legal sanction of breach of contract.

Both the idea of corporate social responsibility and the spread of the notion of partnership are thus symptoms of new moral ways of regulating social relations and of significant new alliances between the competitive principles of the market and the solidarity ethic of civil society. In these new regimes of responsibility, it's possible to compete and be solidary at the same time.

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Some problems of partnership and dilemmas of dialogue

RICHARD HYMAN is professor of Industrial Relations at London School of Economics. He is acknowledged as a leading, comparative analyst of European industrial relations, and has recently published "Understanding European Trade Unionism Between Market, Class and Society." In the present essay, he analyses the conceptual meanings of social dialogue and social partnerships - and he questions whether the new forms of interactions between employers and trade unions dissolve the fundamental conflicts of interests.

In this paper I examine some of the ambiguities and uncertainties, which underlie much current usage of the notions of social partnership and social dialogue. Often the terms are employed as little more than empty clichés, while at times they appear to function as a means of evading some of the difficult questions which beset any interpretation of the dynamics of industrial relations, or more generally of social processes directed towards the accommodation of conflicting interests.

After exploring the historical evolution of the meanings of these elusive concepts, I consider how they connect to the equally contentious idea of subsidiarity, and the implications for our understanding of the character of civil society and the nature of industrial relations. I go on to discuss the asymmetrical logics of collective action applying to trade unions and employers' organisations - an asymmetry masked by their labelling as social partners - and the variety of representational logics displayed by European unions. This leads to a consideration of some of the problems of representativeness. Finally, I argue that institutional contexts are of major importance in shaping the possibilities of meaningful dialogue; since these contexts are to a large degree nationally distinctive, mutual understanding encounters serious obstacles.

THE MULTIPLE MEANINGS OF SOCIAL PARTNERSHIP

In much of Europe, trade unions and employers' organisations are routinely described as "social partners". This is not, however, universal. In the Nordic countries, of course, the normal expression has always been "labour market parties".¹ To the native English speaker, until very recently at least, the phrase appeared bizarre. A decade ago, when a colleague and I compiled a text on European industrial relations (Ferner and Hyman 1992), we carefully edited our contributors' chapters so that the term was replaced by the more mundane "employers and unions". For many British trade unionists, the phrase was enough to confirm their prejudices that their continental counterparts were not "real" representatives of workers' interests but were bent on class collaboration. Similar perplexity is caused by the notion of "social dialogue" which is central to the industrial relations project of the European Union (EU), and which I examine further below.

The meaning of social partnership is far from obvious: it is an “elusive and slippery concept” (Metcalf 1999). The term originated in the German language, first characterising the collective actors in industrial relations as *Sozialpartner* and then specifying a broader normative order of *Sozialpartnerschaft*. The first usage seems to have occurred in Austria (Stourzh 1986). Here, the inter-war confrontation between strongly organised employers and trade unions had been one of the factors precipitating a bloody civil war and paved the way for the Nazi take-over in 1938; while the 1939-45 war itself brought economic collapse. “Both camps were determined to replace class struggle with cooperation. Concerted, consociational policy-making became the guiding principle and the promotion of economic growth and employment became the predominant goals of Austria’s social partnership” (Traxler 1992). The collective organisations on each side saw themselves as important bulwarks of social and economic stability and helped establish a complex system of wage and price controls ratified through annual peak-level agreements. This sustained institutional relationship in turn encouraged a “political culture” of social partnership (Fürstenberg 1985). The newly constituted trade union confederation, the ÖGB, spoke of “social partners” in its first report in 1947 (Traxler 1982).

In Germany, the term *Sozialpartner* appeared in the inaugural policy statement of the new chancellor, Konrad Adenauer, to the federal parliament in September 1949, as an affirmation of the principle of “free collective bargaining”: “the autonomy of the social partners must replace their subordination to the state.... A reasonable compromise between opposing interests is an essential precondition of national advance, and such a compromise must be achieved by the social partners themselves” (Adenauer 1979). In contrast to Austria, then, in Germany the term “social partnership” was at first primarily an expression of christian-democratic social philosophy (Schmidt 1985) - though before long it has been adopted by all mainstream political tendencies.

The more stereotyped the vocabulary became the more diffuse was its concrete meaning. Normally, however, the concept implied that employers and workers have significant common interests and that their differences are susceptible to peaceful resolution (Gaugler 1993). This certainly underlay the post-war popularity of the term *sociale partners* in the Netherlands, institutionalised with the establishment of the bipartite Foundation of Labour (*Stichting van de Arbeid*) in 1945 and the tripartite Social and Economic Council (*Sociaal-Economische Raad*) in 1950. This can be seen against the background of a sense of common purpose in rebuilding the economy and the country (*wederopbouw*, or reconstruction), which transcended ideological and social divisions. In its strongest sense, “social partnership” reaffirmed the traditional catholic doctrine of the functional reciprocity of capital and labour, and the need for an orderly and harmonious regulation of their interdependence. It was the clearest expression of what Therborn (1992) has defined as one variant of corporatism, involving “an institutionalisation of partnership and consensus”. An ideological bias against conflict here generated strong normative pressures for industrial relations harmony. It is significant that the christian-democratic conception of partnership involved an explicit hierarchical view of the functional interdependence of the “social partners”: employers posses-

sed the right to command, workers the duty to obey. However, not all who adopted the language embraced this ideology; after all, the common sense understanding of partnership usually implies some notion of parity of status.

The christian-democratic conception of partnership may be contrasted with a social-democratic alternative. This can be identified with Therborn's second variant of corporatism: what he terms "an institutionalisation, one might perhaps even say ritualization, of conflict". Here, it is the experience of a deadlock between strongly organised parties, which generates a pragmatic accommodation between the two sides in the interests of mutual survival (though pragmatism may with time acquire ideological reinforcement - as in the so-called "spirit of Saltsjöbaden" in the Swedish case). This is Marin's (1985) interpretation of the Austrian example: "corporatist co-operation does not imply a common ideology of class harmony.... Rather, it transforms class conflicts into a permanent war of manoeuvre between interest associations". Another way of understanding this distinction would be the contrast between "social partnership" as an ideology of consensus or "culture of compromise" (Katzenstein 1984 and 1985) and as a set of institutionalised relationships between opponents whose legal status and/or organisational strength make mutual destruction or mutual accommodation the only options (Thelen 1991, Turner 1998).

The pragmatic accommodation of opposing organised interests connects "social partnership" to conventional industrial relations. In the words of a standard German glossary of personnel management (Tuchtfeldt 1992), one meaning of the term is a "contractual partnership. Social relations in the world of work are regulated by contracts in order to minimise possible conflicts". In this sense, the concept has a very long pedigree: it can be traced back at least to the work of Sinzheimer in 1916, who wrote of collective agreements as establishing a form of "social self-determination". There was a trajectory, as Stourzh (1986) has shown from the language of "class antagonists" to "negotiating partners" to "contractual partners" to "social partners". In its weakest sense, "social partnership" means little more than a positive evaluation of pragmatic give-and-take in industrial relations. Does current enthusiasm for the concept at a European level imply much more than this rather banal meaning? Certainly the adoption of the terminology in French translation can be seen primarily as an effort, by governments and employers in particular, to mitigate the adversarial tradition in industrial relations in the aftermath of the *événements* of 1968.²

The effort to redefine contractual relations as partnerships seems to underlie much of the current discourse of "public-private partnerships". In Britain, for example, a wide range of public services have been privatised during the past two decades; in my municipality the vehicles used for refuse collection and street cleaning carry the message that they belong to a "service team" which is "working in partnership" with the local authority. It is indeed possible that primarily commercial relationships can acquire a cooperative dimension from which all participants derive advantage: this has, for example, been seen as one of the traditional strengths of the Japanese system (Dore 1986). More commonly, however, the language of partnership is little more than a euphemism.

THE INVENTION OF EUROPEAN SOCIAL DIALOGUE

What is meant by “social dialogue”? In its most diffuse and general usage, it seems little more than another term for industrial relations, involving collective bargaining and other means of pursuing agreement between employers and representatives of workers. In a second meaning, it is distinguished from collective bargaining, indicating a process of exchanging information and viewpoints which may ultimately facilitate successful negotiation but is not itself a negotiating process. This is perhaps central to the original, French meaning of the term. In a third sense, it indicates a particular institutional configuration designed to encourage consensual or positive-sum interaction. Fourth, it may denote a normative orientation towards “social partnership” and the avoidance of conflict.

While “social partnership” is a concept borrowed by EU from certain pre-existing national traditions, the concept of social dialogue is in large measure an invention of EU itself. It is possible to distinguish five main phases in this development (Carley 1993, Leibfried and Pierson 1995). The original Treaty of Rome established the Economic and Social Committee (Ecosoc) with representatives from “the various categories of economic and social activity” in the Community, nominated by national governments. As well as employers’ organisations and trade unions, these include representatives of agricultural, commercial, artisan and consumer interests. It must be consulted on proposals for Community legislation in the social field. A large and unwieldy body (currently with over 200 members), with the power only to express opinions on issues referred to it, Ecosoc was soon regarded as a forum with very little influence. Attempts have been made from time to time to enhance its role, and under the Maastricht Treaty of 1991 it was given the right to issue opinions on its own initiative.

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A second phase occurred in 1970 with the decision of the European Council to create a Standing Committee on Employment. This resolution referred specifically to the goal of ensuring “that there shall be continuous dialogue, joint action and consultation” between the institutions of the Community and the “two sides of industry”. There have been conflicting opinions as to the value of this body, which was restructured in 1999.

A third phase, which established the concept of social dialogue, was launched in the mid 1980s. The initiative came first from Pierre Bérégovoy in 1984 when France held the presidency of the Council (Gobin 1997) and can be seen as consistent with the attempted reforms to industrial relations at the French national level in the lois Auroux of 1982. The concept acquired a new momentum when Jacques Delors - whose own background was as a French trade union functionary, technocrat and minister - assumed the presidency of the Commission in January 1995. One of his first actions was to convene a meeting at Val Duchesse, on the outskirts of Brussels, with representatives of the three main “social partner” organisations at a European level: ETUC, UNICE and CEEP. The Single European Act of 1987 specifically stated that “the Commission shall endeavour to develop the dialogue between management and labour at European level which could, if the two sides consider it desirable, lead to relations based

on agreement". After a temporary deadlock the dialogue was re-launched in 1989 with a more formal structure, headed by a joint steering group chaired by the Commission.

The fourth key development was the agreement between the three peak organisations in October 1991 on the eve of the Maastricht summit. UNICE abandoned its long-standing opposition to the principle of negotiating European-level agreements with ETUC, leading to the inclusion in the social chapter of the revised Treaty of a clause providing that any agreement reached between management and labour at community level could be directly implemented as EU law by a decision of the Council (Dølvik 1997). Three such agreements have since formed the basis for EU legislation, on parental leave, part-time work and fixed-term contracts.

A fifth aspect of the emergence of social dialogue, which links to the ideas of subsidiarity to be discussed below, involves the devolution of interactions from peak level to a diversity of other levels: national, sectoral, regional, local and company. In some respects such developments merely involve the continuation of pre-existing industrial relations structures, in others the creation of novel institutions. Important drivers of such initiatives include the European Works Council directive of 1994, mandating information and consultation mechanisms in European-scale companies; and the European employment strategy launched at Essen in 1994 and given more elaborate status at Amsterdam and Luxembourg in 1997.

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How are we to understand the nature of social dialogue and interpret its achievements and/or limitations? A key underlying issue concerns the construction of its agenda and the form of its outcomes. In the case of traditional collective bargaining, both are relatively straightforward: the agenda relates primarily to the employment contract, the terms governing the relationship between employer and employees, and to a greater or lesser extent the exercise of authority and discipline in the performance of work; while the outcomes are collective agreements, which according to national context may have the status of contracts. In the case of social dialogue more broadly conceived, the answers are less clear. At a European level, "joint opinions" are evidently not agreements, which bind their signatories or those they represent; but are they no more than paper declarations?

There is a presumption that adopting a common position will have some material impact on relations in the world outside the committee rooms, but the nature of this impact can be hard to specify. Typically it is to influence, and lend legitimacy to, initiatives by other actors: again at a European level, by sanctioning regulatory action by EU authorities; or by constituting framework agreements which guide, but do not specifically direct, negotiators at other levels. It should be noted that within individual European countries, multi-employer collective agreements increasingly assume such an ambiguous character.

The diffusion of the process is linked to the distinctive character of the agenda. At EU level - and often at national level also - dialogue has proved most successful in ad-

addressing positive-sum issues such as training, health and safety, and equal opportunities. More contentious, and potentially zero-sum issues have less often resulted in agreement - or have led to joint statements of bland generality (Keller and Sörries 1998). A major issue is whether experience of successful dialogue over non-contentious issues can itself help generate trust among the parties and assist the subsequent approach to more conflictual matters. There is some evidence that this may be the case, both in national-level social pacts and in the experience of some EWCs and national-level company dialogue structures.

The asymmetry of power among the participants is at the heart of the ambiguity of social dialogue. Decisions on investment and resource allocation are in the hands of governments and the owners of capital; the organisation of work and the conditions of employment (or ultimately, whether employment is available at all) are outcomes of such decisions. One reason why new forms of dialogue have seemed attractive to employees and their representatives is that traditional collective bargaining merely addresses the effects of decisions on product development, production location and the organisation of work operations. In current competitive circumstances this can only mean accommodation to an economic logic, which may offer no satisfactory outcomes. Social dialogue seems to promise the opportunity to exert influence at a prior stage in the decision chain and hence to enlarge the range of available options. For other participants in dialogue, however, this may not be the intended outcome: information and consultation may be approached as a means of "educating" employees and their representatives in the inevitability of sacrifice to meet the unavoidable requirements of competitiveness.

THE MEANING OF SUBSIDIARITY

For at least a decade, the notion of subsidiarity has been repeatedly affirmed as a counterbalance to the expansion of Community competence within EU - perhaps particularly strongly in relation to social policy and employment regulation. In essence, the principle entails that regulation should occur at the lowest level at which it can be effective; and hence that the Community itself should intervene only where it is insufficient to rely on the autonomous action of Member States individually.

Subsidiarity can be linked to industrial relations in at least three different ways. The first, which reflects the original usage of the term, derives from the traditional catholic doctrine, which sought to delimit the sphere of activity of the state. It was first deployed in the nineteenth century against liberal, and later socialist, attempts to develop a public role in social provision (not least in respect of education). This anti-state emphasis, reinforced by a reaction against Nazi totalitarianism, can be seen in Adenauer's insistence, noted earlier, that "the autonomy of the social partners must replace their subordination to the state". This articulates a philosophy sometimes described as "collective laissez-faire". It is relevant, in this context, that the "social partners" route to EU regulation embodied in the Maastricht Treaty has been labelled "double subsidiarity", with the implication that regulatory initiative by the Community should be restrained

unless the Member States admit the need for such intervention and the “social partners” themselves fail to agree an appropriate framework. Viewed in a different light, the doctrine of collective laissez-faire represents an abdication by government (whether at national or European level) from the difficult task of determining rules of social behaviour. For sceptical observers, the Commission’s cultivation of social dialogue is best explained as a defeatist reaction to the obstacles confronting the enactment of meaningful social directives.

But second, subsidiarity can be viewed more positively, as recognition of the capability of representative organisations in the industrial relations sphere. This perspective is inherent in the traditional British idea of “voluntarism”, clearly expressed by the Trades Union Congress (1966) in its evidence to a government commission: “no state, however benevolent, can perform the function of trade unions in enabling workpeople themselves to decide how their interests can best be safeguarded. It is where trade unions are not competent, and recognise that they are not competent, to perform a function, that they welcome the state playing a role in at least enforcing minimum standards, but in Britain this role is recognised as the second best alternative”. There are some parallels here with the long-established preference in the Nordic countries for regulation by agreement between trade union and employer organisations rather than by legislation - a preference carried over into the implementation of EU directives. Perhaps the most optimistic evaluation of this conception of subsidiarity was that of Sinzheimer (1916), mentioned previously, who wrote of collective agreements as establishing a form of “social self-determination” (*Selbstbestimmung*).

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Third, and in some ways bridging these two very different perspectives, is a conception of subsidiarity in terms of a demarcation between state and civil society. This distinction has become an increasingly significant point of reference within EU from the 1990s onwards, articulated in part through the invention of the concept of “civil dialogue” to complement that of social dialogue. This reflects the extent to which the social policy agenda has come to highlight issues - such as the environment, social exclusion, equality and human rights - which connect little if at all with the traditional focus of industrial relations and over which the established “social partner” organisations can assert at best limited competence to act. The claim that these organisations should be recognised by EU as authoritative actors in the sphere of employment regulation seems to carry the corollary (which they may find uncomfortable) that other bodies are entitled to a voice in respect of other social issues.

CIVIL DIALOGUE IN EU

The institutionalisation of “civil dialogue” has been surprisingly rapid. In the Maastricht agreement of 1991 a declaration was attached noting the value of cooperation between the Community and “charitable associations and foundations”. In 1992 the Commission issued a Communication proposing “an open and structured dialogue (with) special interest groups”, while its Green Paper on European social policy the following year pointed the way towards a more institutionalised relationship, with

suggestions for possible partnership with other bodies: for example with non-governmental organisations (NGOs) on equal opportunities and the integration of disabled persons in the labour market, and with both NGOs and local authorities on social exclusion. Its White Paper in 1994 made concrete proposals for the development of a “civil dialogue” complementary to the social dialogue, a process which included encouraging (with financial support) the organisational consolidation and coordination of policy among NGOs receiving recognised status as interlocutors.

One outcome was the creation in September 1995 of the Platform of European Social NGOs, comprising some 25 European bodies together claiming to represent thousands of institutions and networks in the voluntary sector across Europe. In early 1996, this was followed by the first Social Policy Forum, convened by the Commission, which brought together the EU institutions, NGOs and the social partner organisations. This process fed into the preparations for the 1996-97 Inter Governmental Conference (IGC), when a broad coalition of participants - the European Parliament, the NGOs, ETUC and the Commission itself - supported not only substantive commitments to extended EU action on social issues but also a procedural commitment to the civil dialogue on a similar Treaty base to the social dialogue. Notably, ETUC and the Platform of NGOs submitted a joint position paper on issues of common concern.

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Though the Treaty revisions agreed at Amsterdam in 1997 failed to meet these ambitious objectives, they did include not only the new employment chapter but also the wide-ranging new Articles on action against discrimination and on fighting social exclusion: both key themes of voluntary sector activity and campaigns by NGOs. In addition, a declaration was annexed to the Treaty stating that the Commission would “encourage the European dimension of voluntary organisations”. In the same year, a new budget heading was established for Commission cooperation with charitable associations and NGOs. A Commission “communication” (*Promoting the Role of Voluntary Organisations and Foundations in Europe*) encouraged Member States to examine ways of strengthening the involvement of NGOs in social policy issues at national level, and suggested a variety of initiatives to enhance their role at European level.

A second Social Policy Forum was held in June 1998, on this occasion involving 1300 participants in three days of meetings. Here again there was close cooperation between the Platform and ETUC. The three key themes of the Forum were the future world of work, social protection - adapting to changing needs, and promoting social participation and citizenship: the latter taking up the themes of the 1996 report of the *Comité des sages*. ETUC and the Platform used the Forum to launch a joint campaign for a European Bill of Rights. The decision at the Cologne Council a year later to draw up a Charter of Fundamental Rights of the EU could be seen as a response to this pressure, though the non-binding basis agreed at Nice in December 2000 fell far short of the demands.

Relations between the NGOs and the Commission have become increasingly formalised, with roughly twice-yearly meetings between the Platform and the Social Affairs Directorate. In addition, an inaugural "Convention of civil society" was organised by Ecosoc in October 1999, with the promise of involving NGOs in the latter's consultative functions. However, in 2000 a draft Commission analysis, while noting the substantial financial support now made to NGO projects (some Euro 1,000 million), diagnosed "a great deal of uncertainty for NGOs" about the relationship, and offered proposals for improving its efficiency and transparency (EC 2000a).

How does the emerging civil dialogue relate to the longer established social dialogue? All the main social partner organisations participate in the Forum and in formal terms support its objectives. However, while UNICE stresses the need to demarcate the two processes, ETUC - despite the suspicions which trade unions in some countries have often displayed towards NGOs - has evidently developed far greater enthusiasm and sees complementarities between the two processes (Braud 2000). This reflects the degree to which most NGOs, like ETUC (indeed often far more vehemently) challenge the tendency for narrow economic priorities to dominate the agenda of European integration, and insist on the need for firmly entrenched social rights. To the extent that ETUC has long been fighting an uphill struggle for a stronger social dimension, it welcomes allies and has come to appreciate that collaboration cannot be simply on its own terms. For their own part, the NGOs (via the Platform) have insisted that their aim is not to compete with the social partners but to cooperate.

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As has been seen, ETUC has agreed joint declarations with the Platform on broad social policy issues. This continues: following indications that progress will finally be achieved in committing EU formally to support for a charter of fundamental human rights, the two bodies issued a further joint declaration on the topic and agreed to campaign for integrating a comprehensive commitment within the EU Treaties. It has also joined with representative organisations of persons with disabilities in pressing for integration into employment and equal rights for those with disabilities. Relations with NGOs have not always been free of friction, however: notably, there have been clashes between the EFREP (the ETUC section for retired and elderly persons) and NGOs in the field over the Commission's initiative to launch a "European older persons platform".

Yet "civil dialogue" remains an elusive process, in part because the meaning of civil society is itself strangely obscure. As with most concepts with strong political significance, the notion is imprecise, "riddled with contradictions" (Hann 1996) and with "weak or incomplete sociological moorings" (Hall 1995). There is much debate, on both left and right, over the analytical utility and practical implications of the term: many consider that it would be best abandoned. From my perspective it can provide an important basis for analysis of the societal role of trade unions, but only if many of the deficiencies of prevalent definitions are avoided.

HOW DOES CIVIL SOCIETY RELATES TO THE STATE AND THE MARKET?

It is clear that the meaning of “civil society” has varied substantially over time. For Aristotle, it mainly implied an idealisation of political life in the Greek city-state as founded on a community of active citizens. By the time of the revival of the concept in the seventeenth and eighteenth centuries, the core problem was how the apparatus of government, or the actions of those wielding state power, connected to social life more generally. At least three different approaches can be identified. The first saw no necessary separation between state and civil society; the latter was the arena of social relationships, which could nurture active citizens whose participation in political life ensured that government reflected the popular will. A second perceived civil society as an arena of conflict and competition, which would prove socially destructive without the existence of a relatively autonomous state, which could impose law and order.³ A third, by contrast, saw the state as a potentially repressive instrument - “power corrupts” - which could be constrained only by the counterbalancing effect of a vigorous civil society comprising a network of voluntary associations.

This third conception has dominated the modern revival of interest in civil society. This occurred in the context of the practical and theoretical critique of authoritarian state regimes - primarily in Eastern Europe but also in Southern European and Latin American dictatorships, for example - and the struggle to consolidate a new, liberal-democratic order. The argument was that these societies were totalitarian in the sense that the government (or the ruling party) exercised control over all areas of social relations: economic, cultural and recreational as well as more overtly political. The development of civil society as an autonomous sphere of social life was often deliberately suppressed as a potential threat to the regime. By contrast, the construction and stabilisation of a post-authoritarian order required the cultivation of a sphere of voluntary social relationships.

In itself, this is a plausible interpretation of the past and prescription for the future. The devil is in the detail: how does the analysis of the balance between citizens and state power connect to the understanding of other types of power relationship within society? More specifically, where does economic power fit in? This is a crucial question for our understanding of the emergent “civil dialogue”.

But often the very definition of civil society endorses subordination to economic compulsion as a desirable alternative to political subjection. For example Pérez-Díaz (1995) prescribes as the “institutional core” of civil society “a government which is limited and accountable...; a market economy...; an array of free, voluntary associations...; and a sphere of free public debate”. This summarises the starting point of most modern exponents of civil society: a preference for individualism over collective interest representation, an ideological commitment to “free” markets. In this company, Giner (1995) is indeed relatively heterodox in recognising that class division is a logical outcome of a structure of social relations in which inequality of economic power is a prized characteristic. But Walzer (1995), having defined civil society as a “space of uncoerced human association”, goes on to note that economic inequality “commonly translates into domination and radical deprivation [through] a socially mediated pro-

cess". His reservations are untypical. Most writers on civil society perceive economic coercion as far less problematic than political; "for these theorists a market economy continues to form an essential element of the freely associative life which underpins democratic political institutions" (Beetham 1997).

Such a perspective is not new. Marx argued that civil society, in the mid-nineteenth century, was shaped by capitalist priorities; and Gramsci, in the 1920s, wrote how political philosophy was dominated by the free marketeers of his time. The logic of the dominant contemporary conceptions of civil society is that it is an unqualified good to escape from the frying pan of state domination to the fire of the authoritarianism of market forces and corporate capital. Yet as O'Neill (1998) insists, most conceptions of civil society are predicated on the existence of autonomous individuals with the capacity to make significant choices; whereas this capacity is systematically suppressed where the disciplines of unfettered markets are allowed full play. "The logic of capitalist private property and the market often conflicts with plurality and free association.... The resources for meaning, authority, and social integration are undermined... by the expansion of an increasingly illiberal corporate economy" (Cohen and Arato 1994).

There are, however, alternative interpretations of civil society: as a countervailing potential not only to the state but also to economic domination. Here too, Gramsci is relevant: as Nielsen (1995) notes he "reconceptualized civil society into a tripartite conception in which civil society is juxtaposed not only against the state, taken as a coercive governmental apparatus, but, strikingly, against the economy and the private sphere of the family as well". Altvater (1995) develops this perspective: in addition to state regulation of market forces, civil society provides the potential for a "third hand" which "comprises all non-market networks for diversified quality production, such as public goods, which have to be produced by society and societal agents, since they cannot be supplied simply by the market mechanism or as the intended output of state actions". This indicates the potential role of civil society as a means - at least potentially, in congruence with more explicit and systematic state action - of subjecting market forces to conscious social control. This function is not least important in the context of the labour market. It is also one where social consensus is scarcely likely to underlie collective regulation within civil society.

This indicates a further aspect of Gramsci's analysis of civil society: that this is characteristically a terrain of contestation and struggle. For Gramsci (as indeed for Marx), ideological domination within any society tended to reflect material domination; but such hegemony was not irresistible. To make the benign vision of civil society a reality would require "social struggles and public policy initiatives that enabled citizens, acting together in "sociable" public spheres, to strive for equal power, and so maximize their capacity to play an active part in civil society" (Keane 1988). This evidently implies a very different focus on civil society than that prevailing in the literature: "a more *inclusive* usage of civil society, in which it is not defined *negatively*, in opposition to the state, but positively in the context of the ideas and practices through which co-operation and trust are established in social life" (Hann 1996).

The logic is perhaps uncomfortable for some enthusiasts of a European future based on the conjunction of market liberalisation and a complex social consensus: civil society is not by definition a homogeneous entity, a lowest common denominator of “public opinion” persuaded to endorse, with acquiescence if not enthusiasm, the primary character of the reshaped European economy. Rather, it is an arena of struggle within which dissenting voices may mobilise for an alternative future. But this is surely not what is usually envisaged in the idea of civil dialogue.

THE ASYMMETRY OF COLLECTIVE REPRESENTATION

The vocabulary of social partners implies an organisational equivalence of trade unions and employers’ associations. This premise is highly questionable. By exploring some of the asymmetries between the two types of organisation it is possible to comprehend more clearly the underlying tensions of the European social dialogue.⁴

In three crucial respects the differences between the two types of organisation are more significant than the similarities: first, the nature of the constituents and their dependence on collective representation; second, the type of functions performed by the organisation; third, the role and nature of sanctions in the pursuit of organisational objectives.

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Trade unions - despite evident contrasts in their character and the definition of their “mission” both between and within countries - are in large measure coalitions of dependent employees who as individuals possess at best limited capacity to shape the terms of their employment, their security and labour market opportunities, and the fairness and equity of their treatment. Unions’ central rationale is to generate collective strength, which can counteract individual weakness. Partly as a corollary, much of the member-related activity of unions involves the attempt through the mobilisation of symbols and rhetoric to *persuade* individuals, *en masse*, that collective representation is necessary and possible, and to align differentiated interests within a coherent overall programme.

By contrast, employers individually possess a collective identity, recognised in a legal status independent of their individual owners and managers. In the case of larger firms at least, they possess the capacity to shape the dynamics of labour markets (in part by developing internal career structures and fostering company-specific competences). Likewise, they have the organisational resources to provide for themselves the representational functions, which employees can enjoy only collectively. (To take a simple example, a high proportion of the numerous business lobbyists in Brussels are there on behalf of individual firms rather than collective organisations.) And because of their small numbers, the largest companies can in principle act collectively, where this is deemed necessary, through informal networking rather than formal association (as with the European Round Table of Industrialists). Such options are clearly not available to employees.

These differences connect with those of function. Trade unions possess a (relatively) clear-cut purpose in pursuing the labour market interests of their members, even though to varying degrees most union movements attempt to represent a broader constituency and to address a broader agenda. Though its level and content may vary cross-nationally, in the countries of Western Europe collective bargaining has become an inescapable element in trade union representation.

In contrast, and paradoxically, employers - or again, larger companies - have in principle the capacity to bargain collectively as individuals: they may negotiate with trade unions, but independently of other employers. Outside Europe this is commonly the norm, as it has become in Britain as well. Where companies choose to negotiate on a multi-employer basis, through their own collective associations - as is standard in most of continental Europe - this is often not primarily as a method of enhancing bargaining power but rather as a means of "taking wages out of competition" and benefiting from the peace obligation associated with the broader collective agreement. (In Germany, for example, some observers identify a tacit collusion between unions and employers' associations to punish firms, which refuse to act collectively in this way.) Employers' associations also provide incentives to membership through a range of technical advice and related services; while some trade unions also use non-employment-related services as a recruitment device this is usually marginal to their activities. Most importantly, perhaps, in many countries "pure" employers' associations are atypical: business organisations also represent companies' trade and commercial interests, and this multi-functionality can strengthen the incentive to affiliation. Analogies in the case of trade unions barely exist (only, perhaps, in those unions which also function as professional associations).

In terms of sanctions, trade unions possess two main options, both overtly disruptive and contentious. The most familiar is the strike, or analogous forms of collective industrial action. Here, the purpose is to impose costs on the employer (or, in some cases, on the wider community and the government as its representative) in order to secure the settlement of a dispute or demand on terms acceptable to a union's constituents. The second option is the mobilisation of more public and political discontent, for example a mass protest against a factory closure: a tactic particularly attractive to unions which have limited collective bargaining strength, or where the public authorities themselves have precarious public legitimacy (Pizzorno 1978). Both types of sanction require a readiness of union members or (where actual membership is low, as typically in Southern Europe) of a broader sympathetic constituency to participate in collective militancy. Hence at root, trade union capacity depends on the "willingness to act" of those whose interests are represented (Offe and Wiesensthal 1985). The options available to employers and their organisations are very different. While the lockout is commonly regarded as the analogue of the strike, in all countries it is an instrument very rarely deployed. One reason is that, by virtue of the almost universal principles inherent in employment contracts, employers possess the capacity of initiative in proposing rates of pay and other conditions of employment, and enjoy the right to determine unilaterally a wide range of the content of employees' work obligations, as well as the more general

ability to hire and fire. If an employer exercises these prerogatives in a manner which employees deem intolerable, it is nevertheless they who must assume the role of aggressor by the challenge of the strike. The lockout is then a second-order form of retaliation.

Similarly, employers' organisations rarely engage in the public mobilisation of discontent. There are exceptions. In Sweden in the late 1970s, SAF acted in many respects as the most cohesive element in the political opposition to the social-democratic government, while in the early 1990s its withdrawal from most national tripartite institutions was a pointed denunciation of the existing framework of social and industrial relations governance. In France, the conversion of the old CNPF into MEDEF - a self-proclaimed "movement", a term usually associated only with labour organisations - signalled a contestation with the long-established tripartite structures of social welfare. These exceptions demonstrate the importance, developed below, of national institutional context for the elaboration of organisational choices. However, their very atypicality can be linked to a broader perspective: that employers rarely need to assert their interests through contentious politics. An employer may close a workplace, impose redundancies or withhold investment as a simple act of economic rationality: plant closure is only rarely seen as an aggressive act of political significance, withholding investment is normally an invisible non-decision. Faced with Standort doubts, management can take decisions on purely business criteria, which nevertheless, cumulatively, can exercise decisive political impact - as can the simple anticipation that such decisions are possible or probable. Such an unassertive "strike of capital" does not require the organisational intervention of an employers' association.

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There are analogies in the case of the European social dialogue. To achieve regulatory outputs, ETUC must strive to align the differentiated interests of labour in the different EU countries, agree a common negotiating position, and fashion instruments of pressure on its interlocutors. To mobilise for an initiative is a complex, problematic task. To oppose action is far simpler. Hence UNICE faces far fewer problems of aggregation of interests, and indeed can benefit from the strength of weakness: if it lacks representative capacity (for example, through limited affiliated membership in many economic sectors) or an autonomous negotiating mandate, it can avoid regulation by default. This reinforces the argument that employers do not need to integrate their forces collectively in order to defend their interests. Industrial relations, as commonly understood, cannot exist without collective organisation among employees; but it can persist despite disorganisation among employers.

SOME PROBLEMS OF REPRESENTATIVENESS

Social dialogue rests on the presumption that the "social partners" are representative of their respective constituencies. Yet in many European countries - and at the level of EU itself - the representativeness of participating organisations is frequently challenged. One may note that the European Commission has addressed this issue with diplomatic ambivalence: its key criterion of representative status is "the mutual recognition of the parties", an evidently circular definition.

Part of the problem is that representativeness has at least three distinct meanings, involving respectively identity, attitudes and interests. In a demographic sense, an individual is representative of a broader population if s/he shares the same significant personal characteristics. In an attitudinal sense, an organisation or spokesperson is representative who expresses opinions held by the constituency represented. In a teleological sense, representativeness involves adopting policies and methods, which advance the interests of the constituency (which may involve, for example, pursuing long-term objectives which conflict with members' immediate preferences).

These three meanings of representativeness may interconnect: for example, it might be argued that a trade union led by elderly white males may be incapable of representing adequately the views and interests of employees who are young, female and/or from ethnic minorities. Yet it can also be argued that an effective representative must possess knowledge, understanding and expressive skills which in most trade unions are not widely shared by the constituents; in terms of identity, in other words, the effective representative is necessarily unrepresentative. One may add that here is also an important asymmetry between trade unions and employers' organisations: the officials of the latter perform a managerial role not dissimilar to those they represent. (Though perhaps one reason for the widespread distrust by small employers of the major employers' associations is that their staff and leaders typically display a large-firm identity and orientation.)

Representativeness has both internal and external dimensions. Internal representativeness requires that participants in dialogue possess the authority to speak on behalf of the relevant constituency, and perhaps - depending on the character and outcomes of the process - to commit them to the terms of any agreement. Given that most constituencies are heterogeneous in composition, with internal diversity of interests increasing with size and scope, internal representativeness is often problematic. Indeed at higher levels of dialogue the alternatives appear to be either the existence of encompassing collective organisations which - particularly in hard times when the agenda involves sacrifices rather than improvements - face a difficult task of negotiating internal conflicts of interest (skilled versus unskilled workers, large versus small firms, public versus private sector, male versus female, young versus old...); or else numerous competing interest organisations which must somehow negotiate their own differences before they can engage effectively in external dialogue.

External representativeness stems from the willingness of external interlocutors to engage in dialogue with certain organisations rather than others. In applying the Maastricht provisions for legislation through the social partners' route, the European Commission has insisted that it is for the organisations on each side to decide for themselves with whom they shall negotiate. As noted above, the principle of mutual recognition can involve an evident circularity: participants in a "magic circle" of dialogue underwriting their reciprocal legitimacy. There is certainly a risk that in such a situation, internal representativeness may come into question: in Italy, for example,

the painful concessions involved in the negotiation of social pacts have provoked challenges from within the constituencies of the social partner organisations. One may note also that the Commission has adopted the principle that before seeking to embody a European agreement in legislation it will evaluate the representativeness of the organisations involved. Quite how this task is performed is not altogether clear. In the case of the “civil dialogue”, establishing representativeness is even more difficult. Whereas membership is always a relevant factor in the case of unions and employers’ associations, this is not necessarily the case with NGOs; and indeed, the Commission emphasises organisational efficiency as a key criterion for according privileged status to specific NGOs. One may note that many - or most - NGOs, unlike trade unions, do not depend on the membership and/or willingness to act of those they claim to represent (which would be impossible in the case, say, of environmental or animals’ rights groups); to this extent it is almost impossible to specify what representativeness would mean.

External representativeness is in many countries certified by the state: possibly (as in France) by definitional fiat. There are obvious risks in a relationship where the governmental authorities assign (and can therefore potentially withhold) the representative status of their interlocutors. For example, their dependence on material support from the Commission can present strategic dilemmas for the social partner organisations at European level. As was argued in the literature on national-level “neo-corporatism” in the 1970s, preoccupation with external authority may create a bias towards compromise for its own sake which risks alienating collective organisations from their own constituents (Gobin 1997). To the extent that European social dialogue has been somewhat artificially constructed from above, some sceptics suggest that it simply does not connect with real constituencies.⁵

THE IMPORTANCE OF INSTITUTIONAL CONTEXT

Representatives and spokespersons do not emerge automatically: they must be elected, appointed or otherwise selected within socially constructed procedures (Hege and Dufour 1995). Such processes are explicitly or implicitly rule-governed, but these rules vary in key respects across countries and in many cases also within them. To take some familiar examples: in certain European countries there are legally mandated procedures for directly elected workplace employee representatives, in others for union-based workplace representation within a framework defined by peak-level collective agreement, in yet others there is no standard pattern whatever. In some countries a particular trade union possesses a monopoly jurisdiction to negotiate for a given group of workers, in others any one of a specified set of unions may sign an agreement, in yet others any collective body may in principle engage in collective bargaining. In some countries, union representatives are directly involved in the management of social welfare, in others union nominees may be involved but without a representative role, in yet others there may be a firm demarcation between narrowly defined ‘industrial relations’ and broader social policy. Formally constituted tripartite or bipartite

institutions exist in some countries; regular, quasi-formal interactions occur in others; elsewhere, dialogue is ad hoc and intermittent.

Institutional context thus facilitates some processes and inhibits others. Institutions may encourage a habit of interaction and increase the likelihood of mutual understanding; or may foster a tradition of adversarialism. The latter is, perhaps ironically, particularly associated with contexts where there is a “market” for representation (competition between rival organisations claiming representative status, with none guaranteed a monopoly) and where agreements must be democratically endorsed by constituents. The relative autonomy of representatives from those they represent (hence on some definitions, the limits to their representativeness) surely increases the probability of mutuality in dialogue, yet is itself typically the product of certain types of institutional guarantee.

Institutions may also determine agenda construction. In some countries wage bargaining, labour market policy and the social welfare regime are distinct fields of decision-making involving separate actors; in others they overlap more closely. The possibility of effective “social pacts” to combat social exclusion is surely greater where the institutional framework facilitates a trade-off across a range of issues. So, for example, the significant pacts negotiated in Italy in the 1990s - despite an obvious adversarial tradition - would scarcely have been conceivable but for the role of union confederations and employers’ organisations in addressing all these agenda areas, and the subtle interpenetration of “voluntary” agreement and legislative enactment. The much more limited achievements of the Bündnis für Arbeit in Germany - despite the tradition of social partnership - may conversely be explained by the lack of an institutional framework for agenda-switching. In a country like Britain, furthermore, the demarcations between policy areas and actors are so great that any a “social pact” is inconceivable.⁶

It is important to bear in mind the effects of institutional context when assessing the prospects and achievements of local pacts and local strategies to combat exclusion. Put simply, the resources and capacity of local actors can vary enormously from country to country. The European Commission (2000b), in pressing for intensified local initiatives, has nevertheless recognised such disparities. Denmark stands out (along with other Nordic countries) in the high proportion of public expenditure controlled by local authorities; elsewhere the municipalities control far more restricted budgets, or else (as in Britain) have very limited discretion in allocating their finances. Local government may have considerable autonomy in shaping local economic development, labour market policy and welfare provision, or may be tightly constrained from the national centre. Inevitably, the scope for meaningful and efficacious local partnerships is conditioned by such institutional differences.

One implication is that generalisation is extremely difficult. Unless we appreciate the ways in which the options are shaped by national context in particular, understanding and even communication cross-nationally become impossible.

IN PLACE OF A CONCLUSION

One conception of social dialogue, linking closely to the notion of partnership, regards it as a means of generating consensus. Interestingly, the one clear definition of the term in the ILO volume *Towards Social Dialogue* adopts the Latin American notion of *concertación* as the highest stage of tripartite cooperation involving the pursuit of consensus (Hernández Alvarez 1994). Yet this imposes a difficult, perhaps utopian model of dialogue; if it implies that conflicts of interests can simply be dissolved through discussion then it is misleading, and may encourage an over-optimistic approach to institutionalised relations between the different social actors. In my view, effective social dialogue entails a bias towards compromise which does not however dissolve fundamental differences of interests and objectives. To return to the distinction proposed by Therborn (1993), it typically represents not the “institutionalisation of consensus” but the “institutionalisation of conflict”.

What seems to emerge from analyses of successful initiatives in social dialogue - whether at local, national or European level - is that the core basis of effectiveness is not so much consensus as trust. There has to develop a mutual understanding between the interlocutors in which each can appreciate the concerns and objectives of the others without abandoning the commitment to protect and advance - forcefully if necessary - the interests which they exist to represent. What is involved has been termed a “procedural” rather than a substantive consensus (Fox and Flanders 1969). Such a procedural bias typically derives in part from a recognition that too conflictual a relationship carries the risk of unacceptable reciprocal damage, in part from a commitment to seek negotiated solutions to differences, in part from a belief that positive-sum outcomes may be possible, in part from an expectation that others will not risk long-term cooperation through short-term opportunistic behaviour. Dialogue of this type requires “strategic learning” by the participants, an iterative process in which rules of the game are developed interactively as the nature of the game itself evolves. The more wide-ranging the solidarities to be constructed - for example, beyond the traditional core constituencies of collective bargaining - the more important such step-by-step learning becomes.

In some respects such “strategic learning” poses distinctive problems for NGOs, in particular those, which have developed primarily as campaigning organisations. There is a major tension between cultivating grassroots activism in support of ‘maximalist’ objectives on the one hand and negotiating compromise deals on the other. Managing this tension has required decades of experience for many European trade unions, often generating sharp internal conflict. More recently there have been analogous instances of dissensus on the part of employers’ organisations; and there is evidence of similar strains within NGOs, as with the conflicts between “realists” and “fundamentalists” in environmental movements. Will the emergence of “official” NGOs at European level, dependent for recognition and financial support on the Commission, assuage or reinforce such conflicts?

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NOTES

- 1 It is interesting that despite the popularity of the discourse of social partners within the institutions of the EU, in the Treaty itself the term appears in only five of the eleven language versions. In English the phrase adopted is 'management and labour'.
- 2 In Belgium the leader of the socialist union confederation, Georges Debunne, reacted sharply to this development in the early 1970s: 'I am not a social partner, I am a social negotiator' (je ne suis pas partenaire social, je suis interlocuteur social).
- 3 Marx, of course, gave a distinctive coloration to this interpretation by linking state power to conflicts within and between classes.
- 4 In this section I draw heavily on the seminal analysis of Offe and Wiesenenthal (1985), though I disagree with certain of their arguments.
- 5 For example, the ETUC is an organisation of organisations of organisations (representing individual national unions via their national confederations or European Industry Federations); it is unclear how many grassroots trade union members are even aware of its existence, let alone recognise it as an authoritative actor on their behalf.
- 6 One may note that even the concept of a 'social wage' is virtually unknown in Britain.

It takes two to tango

- corporate decisions to join social partnerships

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In the world of the new social partnerships employers have a critical and privileged position. They are the government's chosen agents for bringing the long-term unemployed - the prodigal sons of the welfare state - back into the fold of full employment. This reflects a strong consensus among economists, bureaucrats, and the social partners that private sector training and subsidized jobs are considerably more efficacious than corresponding public sector efforts. Simultaneously, employers remain the agents of growth, the entrepreneurial alchemists who in their constant struggle to turn less into more, make possible a full-employment economy with room for the economically and socially excluded.

Some business managers have been quick to embrace the social partnership concept with its attendant duties and privileges. Their firms train the long-term unemployed and create protected jobs for the mentally or physically infirm on the grounds that work is a source of meaning and identity for even the least competent of citizens. Firms seem inspired to this social responsibility by a range of motives: social consciousness, commitment to the community, concerns about projected labour shortages and public relations. Other managers find contradiction in a social agenda that demands firms at once to be lean and mean competitors in the global markets, and to create workplace opportunities for individuals often lacking the most basic of marketable skills. They feel that precisely at a time when firms have less organizational slack to integrate weaker workers, they are being asked to take a broader role in social provision by bringing such workers into the firm.

Despite the central role for employers in the new social paradigm, we know very little about the conditions under which employers will enter into social partnerships to integrate the long-term unemployed and other marginal groups back into the core economy. When will managers view participation in these programs as important to the firm's corporate identity? How is it that some firms seem to view such programs as a contribution to rather than a detraction from the bottom line? The welfare state is changing profoundly with a new functional role for employers in the activation of social beneficiaries; yet far too little has been written about how employers are perceiving these significant changes in social policy and are responding to this call to action.

This essay grapples with understanding the business community's involvement in social partnerships and policy. I consider four types of influences on employers' interests in participating in social partnerships:

- The overarching social welfare regime or policy type of the country in which the companies are located
- The type of national business associations representing employers
- The economic and organizational characteristics of the firms themselves
- The role of government bureaucrats in mobilizing employers to participate.

Drawing from interviews with circa 100 employers in Denmark and the United Kingdom, I offer illustrations of each of these influences on company deliberations over whether to enter into social partnerships. While by no means definitive, this interview data explores the strengths and weaknesses of each of the factors commonly used to account for employer preferences and actions.

I find some national differences in the ways that employers enter into social partnerships. For example, although one might expect more involvement by employers in liberal countries than in social democratic countries, because employers in the former offer many social benefits to supplement state welfare plans, aggregate figures show that Danish firms have higher participation rates in the new active social and labour market policies than British ones. This may reflect the fact that the key active social policies (protected jobs and training programs) in Denmark are available to companies' own workers with reduced working capacities as well as to the long-term unemployed. The higher participation by Danish firms might also be linked to the corporatist-style employer organizations in Denmark that focus members' attention on the social arena; indeed, Danish firms are more likely to report that these peak organizations play a significant role in their deliberation than British firms.

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Yet these national patterns do not begin to tell the entire story. Company participation in social partnerships varies significantly within countries as well. At the sub-national level two types of factors seem significant. First, companies join social partnerships because they have resources within the firm for thinking about unemployment and social policy. Experts in human resources departments participating in groups and networks that review government policy come to believe in the active social policy concept that the socially excluded can only be integrated through private training and subsidized jobs programs. These policy experts convince their firms to participate. Second, firm participation also seems contingent to a great degree on state activism, especially at the local level. An active municipality seeking to build social networks among employers or working with an especially entrepreneurial private sector intermediary can bring companies to believe in both the value and utility of joining social partnerships. Thus, differences among companies within countries can often be traced to variations in the internal expertise of these firms and their external links to local governments.

SOCIAL PARTNERSHIPS AND THE IMPLEMENTATION OF THE WELFARE STATE

The concept of social partnership is closely linked to the central theme in current conceptions of the welfare state: social and labour market policies should actively reintegrate beneficiaries back into the core economy. The long-term unemployed, or those still out of the labour force after one year, should be given a “new start” in the form of access to training or to subsidized jobs. Active social policies promise to satisfy both economic and social goals by improving worker skills and reincorporating the socially-excluded back into the economy (OECD 1994).

Social partnerships between local governments and employers are important because active social policies largely rely on private sector training and subsidized jobs for their implementation. Employers are viewed as key to combating unemployment and social exclusion because private sector training with a wage subsidy has a much higher likelihood of resulting in permanent employment than public sector training or public sector subsidized jobs (Madsen 1997).

The new social paradigm received official European Union blessing with the November 1997 Employment Summit in Luxembourg. Subsequently, EU-countries pledged to report annually their efforts to expand national employment. Despite considerable latitude given to individual countries in implementing the shared goal of increased employment, there has been an impressive amount of policy convergence with many nations turning to employers as sources for job and training opportunities. For example, in the United Kingdom employers have been central figures in Tony Blair's efforts to reduce unemployment. Blair's “New Deal for Young Unemployed People” and the “New Deal for Long-term Unemployed People” programs offer subsidies to employers who hire young and long-term unemployed people (United Kingdom Employment Action Plan 1999).

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Even countries in which government has historically provided virtually all social benefits are now asking employers to join the new public-private partnerships. Thus, the Danish labour market and social reforms created subsidies for employers to hire the long-term and youth unemployed (Bach and Kylling 1997). The Danish Ministry of Social Affairs explained its new emphasis on employer participation as follows:

“From an economic point of view, the purpose of enhanced social responsibility of enterprises is to make social policy more productive in order to achieve social cohesion at the lowest possible costs to society” (Danish National Institute of Research 1997).

POLICY REGIMES AND CORPORATE SOCIAL ACTIVITY

That employers are essential to social partnerships is beyond dispute; yet, far more uncertain are the conditions under which firms choose to enter into these projects for reintegrating the socially excluded. Welfare state studies have dealt with this question at the national level by exploring the impact of distinctive national patterns or regimes of social policy. Employers play very different roles in each of these welfare state re-

gimes; therefore, to understand firms' willingness to join social partnerships, one must understand the historical legacies of past corporate involvement with social initiatives.

In the past fifteen years, students of comparative welfare states have come to agree that policy innovations are largely defined and constrained by the past; in other words, policy is path dependent. Choices made at critical junctures establish institutional arrangements that lock in subsequent choices. An adaptation process brings individuals to feel comfortable with and accustomed to their national approach to social problems. Although economists say that we should write off sunk costs, these prior investments make it psychologically hard to set out in new directions (Huber and Stephens 2000).

Scholars capture this impact of historical policy legacies in the social area with the concept of welfare state regimes, each with its own favored types of intervention and allocation of responsibility between the public and private sectors. The liberal welfare state model found in Britain and the United States consists of modest transfers by government, largely targeted toward needy populations; but these public-sector social programs are supplemented by huge private-sector benefits systems administered by firms through the workplace (Stevens 1986). The "corporatist-statist welfare state" in Germany offers social insurance programs for core employer workers. In the "social democratic welfare state" the government provides programs offering a wide selection of services and benefits; the concept of social citizenship gives citizens social rights to these programs. The employers' role in this system has been limited to that of taxpayer and overseer of government programs. The historical legacies of each regime both shape future policy initiatives and influence the formation of the post-industrial class structure (Esping-Andersen 1990).

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More recently the varieties of capitalism literature has suggested that trajectories in social policy are reinforced by the broad connections between social welfare regimes, firm strategies for economic competition, national models of production and directions in the political economy. This literature draws a distinction between coordinated market economies and liberal market economies. Coordinated market economies have a high level of economic coordination among firms and between business and labor. Firms in these countries generally endorse a competitive strategy that relies on a highly-skilled workforce; consequently, these firms need and expect competent training systems, cooperative labour relations, and adequate social protections. Social programs help contribute to the smooth operation of these coordinated market economies, and as a result, employers tend to support these programs. Companies in uncoordinated or liberal market economies are more likely to compete by driving labour costs down and have less need for social programs to maintain a highly-skilled, cooperative workforce. Thus the interconnected nature of social policy and productive strategy creates self-reinforcing trends in each sphere (Soskice 1999).

The regime literature offers somewhat contradictory implications for employer participation in the new social partnerships. First, the literature suggests that employers might be expected to join social partnerships more readily in countries where firms

already play a big role in administering employment-based social benefits than in those countries in which the state exclusively provides and administers welfare state services. One might find business more forthcoming in liberal welfare state regimes where a sizable proportion of the welfare state already depends on implementation by employers in the form of private sector service delivery and jobs-based benefits. Employers in liberal regimes have a history of participating in social provision, and therefore, may be more likely to continue to participate. In comparison, employers in social democratic regimes have historically entered into social provision only as taxpayers and may be less willing to participate in the new social partnerships. In this vein one Danish employer expressed the views of many when he noted: "Firms pay very high taxes, so that the states can take care of people. Now it isn't enough that we pay money, we have to play a part in solving social problems too". Yet despite this sentiment that social policy is not company business, other Danish employers make the opposite argument. The new social partnerships are not new at all: employers have been exhibiting social responsibility for their own employees as well as for the community for some time, even if they have not been responsible for implementing formal programs.

A second (and somewhat contradictory) implication of the literature has to do with the nature of the social policies themselves. Social democratic welfare regimes tend to have more universal policies (that are available to a wider range of citizens) than liberal regimes where the policies are available only to those that meet income criteria. Consequently, companies in social democratic countries may find that the social policies designed to enhance employment may be applicable to their own workers; this, in turn, should enhance employers' willingness to join social partnerships to implement these policies.

This generalization holds in a comparison of Danish and British subsidized jobs programs to fight unemployment and social exclusion. The two largest British New Deal policies are designed to help the long-term unemployed and unemployed youth. Thus they are very much targeted toward a population that has been severely marginalized and has had little interaction with employers (King and Rothstein 1993). British employers evidence considerable hesitation in taking on these workers, whom many view as "unemployable" or incapable of holding a job. Thus an employer explained: "The sorts of people that are available are not the sorts of people that we are looking for...People who have been unemployed for a long time generally are pretty unskilled". Some Danish employers are also concerned about the quality of the long-term unemployed, especially in the current labour market. An employer reasoned, "Typically the people on unemployment have some sort of problems. If they have the right skills, then they have some sort of mental problems".

But the Danish subsidized jobs program is available to employers to hire or to retrain any worker who has for whatever reason suffered a decline in his/her working capacities; thus, firms can move into these jobs their own workers, who can no longer maintain full labour market participation. For instance, the subsidized jobs program helps firms deal with absenteeism in that frequently absent workers with medical problems

can receive reduced working hours. As one manager explained: "Our biggest concern is to take care of our own workers - we have to do it [the program] in this way before we can take any new people in". Other Danish firms, however, have been reluctant to use the subsidized jobs programs for their own workers, on the grounds that these jobs put a negative label on employees.

The devices to end unemployment among specific groups have also been part of a larger set of solutions to upskill the general population; for example, job rotation schemes allow firms to hire with state subsidies the long-term unemployed while its own employees receive skills training (Torfing 1991). Thus, fighting unemployment has become a matter of hiring the unemployed, retaining company employees at risk of losing their jobs, and finding a place for everyone in what the Danes call an encompassing labour market ("rummeligt arbejdsmarked").

Finally, the spirit of cooperation between labour and management found in coordinated market economies might lead us to expect that companies in these countries would be more willing to enter into partnerships than those in liberal market economies. Many Danish companies feel a responsibility to provide lifetime employment for their own workers. As one manager noted: "There is more attention paid to social responsibility today, but the government policy hasn't really changed from what the firm has been doing for a long time". At the same time, because companies in coordinated market economies tend to compete globally on a high wage/high skilled basis, they might have difficulty integrating the unemployed, who often have lower skills and productivity. For example, a Danish firm with a long history of corporate liberal policies has been unable to hire the long-term unemployed despite its political support for social partnerships. Competitive pressures have forced this company to downsize considerably, to out-source lower-skilled jobs in food services and cleaning functions, and to alter greatly its organization of work on the shop floor in ways that make it difficult to incorporate workers with reduced working capacities. Managers in another firm that has participated in a number of social partnerships, reported that it was much more difficult to incorporate those with reduced working capacities than they had hitherto thought:

"The problem is that we have implemented job rotation to keep workers flexible and from getting bored. If the group has too many special needs people in the production group, it will affect the productivity of the entire group. With job rotation, everyone is supposed to get a chance to do the easy jobs, but when you put someone permanently into the easy job, the other workers do not have a chance to rotate into it".

Some aggregate data give support to the view that the social democratic welfare regime, as is found in Denmark, has a higher participation rate by employers than the liberal regime, as is found in the United Kingdom. Holt (1998) found that 71 percent of private sector employers believed that firms had to take a bigger social responsibility for groups who were out of the labour market by hiring the unemployed and people with reduced working capacities. Over 40 percent of firms with more than 50 employees had in the past three years offered limited training stints, permanent jobs

or subsidized jobs to those outside of the labour market, such as the long-term unemployed or those with reduced working capacities. As a point of comparison, the Department for Education and Employment (2000) estimated that in 1998 only 10 per cent of a sample of British firms participated in the New Deal programs for Young People and for Long Term Unemployed People, and this figure may represent employers who only signed up for the program rather than actually hired New Deal clientele (Snape 1998).

Furthermore while the very concept of active social policy seems to contradict the fundamental tenets of social democratic regimes, Scandinavian countries are leaders in the active approach. Social democratic welfare regimes with their high rates of social spending have been historically characterized as most likely to allow workers to exit the workforce; whereas liberal welfare regimes have been more likely to make benefits conditional on efforts to find jobs (Esping-Andersen 1990). Yet statistics on the cross-national implementation of active labour market and social policy find that the Scandinavian countries devote many more resources to the activation of the unemployed than most other countries (J. Martin 2000). In opposition to their historical profile, Scandinavian countries are forcing workers to enter the workforce again. One might protest that this really isn't surprising - these countries are also leaders in public spending on total labour market measures as a percentage of GDP and in fact lead in all sorts of welfare state spending measures. Yet Torfing (1999) argues that the overall costs for dealing with the problems of unemployment have remained the same even while the Danes have created a big new activation program to remove individuals from the welfare roles.

The regime literature is helpful in predicting broad cross-national differences in social policy; yet, this literature seems to have somewhat contradictory implications for employer participation in social partnerships. In fact, the new brand of active social and labour market policies does not fit easily into a regime type, as these policies ask both employers and government to deviate from traditional roles. In Scandinavian welfare regimes the emphasis on employer implementation breaks with the tradition of state provision. In liberal market regimes active labour market and social policy deviates from the historical practice of leaving training and employment choices to private sector markets: government is attempting to micromanage more than has been historically acceptable. Finally, broad generalizations about regimes cannot begin to account for the very divergent behaviors exhibited by firms within policy regimes.

PATTERNS OF NATIONAL EMPLOYER ORGANIZATION

Another factor influencing employer participation in social partnerships is the national political organization of employers. National business groups vary enormously across countries in terms of their scope, their degree of centralization, and their exclusivity or the extent to which individual firms are represented by a single group. These organizational characteristics influence how national business communities engage in political processes and unify to achieve collective goals. Businesses' political organization can

be roughly grouped into two broad categories: corporatist groups and pluralist groups.

According to prevailing wisdom, corporatist associations are more centralized, more encompassing, less voluntary, and less competitive than their pluralist counterparts. Consequently, they are better able to promote collective action for shared social goals. Corporatist associations help their members to support collective goods by focusing participants' attention on their broader, shared concerns. These peak associations can adjudicate among conflicting demands and reinforce compliance, because members do not have the luxury of leaving and joining another group. Corporatist groups also cultivate norms of trust and cooperation that help to overcome the limits to collective action (Wilson 1990).

One might expect corporatist organizations to support social policy more readily, because the logic of corporatism suggests that well-organized managers are often better positioned to see the longer-term advantages of social goods (Streeck 1992). Yet, at first glance the area of active social policy does not uphold this hypothesis. Peak associations in both Britain and Denmark expressed support for active social policies. Thus, a director of a Danish employers' association explained his feeling of duty to educate firms in the social area, even though his association had qualms about certain aspects of the subsidized jobs schemes: "The companies need to make a more public effort to use the schemes in order to enhance their political legitimacy".

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The support of the two peak groups, however, did not seem to have equal impact on their memberships. One might expect corporatist peak associations to play a bigger role in shaping the preferences of its member companies than pluralist associations, and my interviews with companies in Denmark and Great Britain suggest that this is the case. Many Danish firms identified Dansk Arbejdsgiverforening (DA) and the major industrial sector member group, Dansk Industri (DI), as their primary sources of information. In comparison, only two of the British firms identified the Confederation of Business Interests (CBI) as their most influential source of information. Thus the CBI's support for social partnerships mattered little to individual firm's views.

In addition, corporatist countries have a tradition of representatives from business and labour overseeing public policy: these formal groups can serve to expand members' understanding of and commitment to social policy. A recent institutional expansion of corporatism seems to have enhanced Danish employers' willingness to enter into social partnerships: by law a corporatist committee consisting of representatives from business and labour must now oversee social policy in each municipality. DA has the responsibility for selecting company participants to sit on these local Social Coordination Committees. Many of the employers with whom I spoke identified these committees as an important source of information about the area of corporate social responsibility and came to participate in social partnerships through their involvement with these committees. Of course, DA was unlikely to select employers as representatives who were completely hostile to the social arena, but employers usually had limited experience with social partnerships before being called to duty by DA.

There are, of course, questions about how much the old corporatist patterns still hold. The decline of collective bargaining and the increasing importance of EU level organizations have put pressures on corporatist systems of national representation (Pontusson and Swenson 1996). Yet peak employers' organizations in corporatist countries may be demonstrating a resiliency that is lacking in their less vital pluralist counterparts. For example, a Danish peak organization realizes that decentralizing pressures on collective wage negotiations means that "fewer firms will need to have organizations to give them advice about collective bargaining". But because "companies will still need other kinds of advice" this organization is expanding its functions to attract a more diversified membership. The organization has moved into a new role of organizing networks:

"The networks provide, along with other things, a platform from which firms can figure out what they think about issues. Firms may want to develop a profile in various areas such as social or environmental issues. Most Danish firms are fairly small, so that they cannot develop these profiles on their own. They need an organization that does more than collective bargaining, that helps to explain to firms their position on issues, what they think about things such as tax policy, industrial policy, education, research, and management".

National patterns of businesses' political organization may account for broad cross-national differences in business engagement in social partnerships; however, these have greater difficulty in accounting for the differences between firms within a country. With globalization and the changes in the organization of work, firms within countries are becoming more dissimilar and the national patterns less salient. Firms today are more likely to formulate their own distinctive political interests apart from those of the collective interests of the firm. This is most clearly seen in the social area in the emergence of conceptions of corporate social responsibility within the firm. As one company put it: "The job market is such that people have to think about how to get certain types of people. Firms develop environmental or social profiles to attract certain types of people". Regardless of the motivations underlying a firm's endorsement of corporate social responsibility, this concern detracts from the company's sense that its interests are completely represented by its peak employer association.

FIRM-LEVEL STRUCTURES AND BUSINESS THINKING

Because analyses of national patterns reveal little about micro deliberations within companies, one might profitably pay greater theoretical and empirical attention to the characteristics of firms that might enhance participation in social partnerships. This section considers how the economic and institutional characteristics of firms might contribute to managers' willingness to enter into social partnerships.

Economic characteristics suggest why some companies participate while others refrain; for example, sectors vary substantially in competitive strategies with some more conducive to social concerns than others. Thus firms' willingness to join social partnerships may reflect characteristics such as size, skills and wage levels, profitability, de-

gree of unionization, trade exposure, and labor-intensity of the production process. For example, firms with highly-skilled workers might find it difficult to incorporate the unemployed (who generally possess lower skills) into their workforce while companies with less-skilled workers might look to the unemployed as a new labour pool. Many low-wage, low-skills companies reported viewing these programs as new sources of labour at a time of immense concerns about labour shortages. One employer in the hospitality sector identified this need for labour as the central motivation for participation in the New Deal, as there are currently 30,000 chef vacancies in Britain.

Yet firm-level economic characteristics are not always decisive. To continue with the skills-level example, many high-skilled companies with whom I spoke expressed considerable support for the goals of social partnerships, both in providing training and protecting jobs and in urging their smaller suppliers to hire individuals with subsidies. For example, one British company took some individuals from the New Deal program, but also provided free spaces in its training facilities to suppliers that took New Dealers.

In similar fashion the presence of strong trade unions within the companies might have somewhat contradictory effects on the corporation's willingness to enter into social partnerships. On the one hand, one might expect unionized companies to offer better social benefits (unless benefits were developed by non-union companies to prevent labour organizing drives). Unions might act as catalysts within these firms to push the company to take greater social responsibility for the unemployed and other marginal groups. But the opposite dynamic might hold: as has been widely observed, unions often express greater concern for the needs of their own members than for the general population, especially in situations where marginal workers hired with subsidies might arguably take jobs away from core industrial workers.

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In the interviews with British firms, only two companies reported that the unions had any involvement with the decision to join social partnerships; in all other companies, unions were completely absent from these discussions. Within the Danish firms, unions seemed to be quite involved, but there was mixed input from the labour movement. One company characterized its decision making process as "complete consensus": here unions heartily endorsed protected jobs, especially as most were filled with the firms' own workers who had become sick. Another firm explained: "The unions have never expressed any problems with this area. They also feel that it is a good idea". But in many other firms unions strongly resisted the creation of protected jobs even for the union's own members. For example, one company argued: "The unions are not interested in this - they do not want people who are not part of them. They are afraid that union members will be pushed out for people who can be hired at a lower price. So there is much union resistance". Yet another company remarked: "Unions aren't concerned about social responsibility, just about preserving their own workers' rights".

Profitability might also influence a firm's willingness to participate in social partnerships: Profitable companies generally have more resources to devote to community-oriented activities; in addition, profitable companies can afford to dedicate greater re-

sources to the training of their own workers. Partnerships to train the unemployed might follow close behind. At the same time, one might expect an opposite finding that small or unprofitable firms would be more likely to join social partnerships in which they have access to subsidies for job training or for hiring target populations. Here the comparable lack of resources available to unprofitable firms might motivate these employers to seek out opportunities for state aid.

Thus although the economic characteristics of a firm offer insights into its likelihood of joining a social partnership, these economic factors seem to have contradictory impacts. Firms with similar economic profiles often seem to evaluate the pros and cons of social partnerships quite differently. Firms may have multiple and contradictory interests, for example, in desiring both low labour costs and a socially responsible image.

How companies view their interests should depend on where they get and how they process their information. A firm's willingness to enter into a social partnership requires a leap of faith, but also a leap of thought. Firms must perceive social partnerships not as a drag on the bottom line, but as a contribution to a company goal, whether this goal be related to labour needs, public relations or simply a desire to support the community. The nut of the problem, then, is to determine how companies make this leap of thought.

My research on U.S. employers reveals managers' preferences to be deeply influenced by the policy-processing structures within their firms (Martin 2000). Companies' support for social policies reflect how firms are exposed to and deliberate over information about these policies. Two organizational characteristics of the firm are important: the functional role for internal policy experts and the firm's practice of participation in external groups.

The first organizational dimension affecting a firm's support for social policy consists of its capacity for analyzing public policy or internal policy expertise. An in-house reservoir of policy expertise affects how business managers think about their interests and may increase receptivity to social policies. Private experts expose others in the firm to technical arguments when they bring back ideas from the external community of policy makers. Thus in the U.S. the growing government affairs function has served to expand policy expertise and support, even though these departments were initially developed to fight social regulation. The growth of corporate human resource departments may be playing a similar role in Europe. Thus firms with large human resource departments may be more likely to join social partnerships.

Many company interviews confirmed the importance of HR managers in firms' involvement with social partnerships. Almost all of the Danish companies interviewed and a fair number of the British ones said that the moving force for participation in social partnerships came from the human resources departments. One had the sense of a deeper, more genuine engagement in the social partnerships in the companies where the commitment began with or included the human resource people and ot-

hers who would actually have to make the partnership work. For example, a British company reported that although the initial invitation to participate in the New Deal was made directly to the CEO, “it ended up in the HR lap”. An enthusiastic employee of the HR department had experience with the New Deal while working at another company; she was the motivating force to convince first the HR department and then the managing director to participate. Yet another respondent recounted how the HR manager persuaded the CEO.

The other significant route to participation (primarily in Britain) was a response by the CEO to a direct appeal from the Prime Minister. Yet these firms often signed up for programs such as the New Deal without involving the HR department. Many of my respondents reported that their firms signed up with the New Deal because the Blair administration made a personal appeal to their CEO. They wanted to please the new Labour Government, and ensure reciprocity on future issues. But in these cases the CEO pledged to support the New Deal without involving the HR department in the decision and there was little follow-up on these initial commitments. As one company put it: “The incentive was largely political. It was something that the government was trying to promote, and as we have a number of relations with the government in our business, we thought that it was a sensible thing to do...but it has not been used at all”. Ironically in these cases despite nominal commitments to social partnerships from the top management, companies did not ultimately participate very much, unless lower-level managers were convinced to go along as well.

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The second organizational dimension influencing a firm's willingness to enter into social partnerships is the degree to which it is involved with external business groups and networks that link the company to the larger community of policy ideas. Such employer groups help firms to sort out their thoughts about social partnerships and to encourage their participation in collective action. For example, in my study of U.S. business managers participation in such groups and networks were significant determinants of companies' preferences for health reform (Martin 2000).

A number of the managers I spoke with in Denmark reported that groups and networks had been critical to their decisions to join social partnerships. Some of these groups were organized through their employers' associations, such as the Dansk Industri Think Tank; others were developed at the behest of the municipality such as the Ishøj Resource Group or the Glostrup Network. Some managers found inspiration in informal groups or professional networks. But all agreed that the process of discussing the problems and possible solutions contributed to the evolution of their thinking about and their willingness to join government efforts to end unemployment. In comparison, companies that had limited contact with other firms about policy issues in general seemed more reluctant to join social partnerships. Perhaps this partially reflects that these managers simply were not “joiners,” but they seemed to have a different cognitive view of the issues as well.

THE ROLE OF THE STATE

Thus far we have assumed that employers decide to enter into social partnerships, more or less on their own initiative. Yet decisions to join social partnerships do not happen in a vacuum. Government actors at both the national and local levels may inspire, convince, or pester companies to join the social effort. Government strategies to attract business support are in some ways quite similar across countries, reflecting their shared conceptions of active social policy; yet there are also important differences, arising from disparate historical patterns of policy provision, business-government relations and political constitutional structures. In addition to reflecting more enduring structural legacies, government strategies are shaped by less predictable choices at both the national and local levels; thus, some differences in strategy are linked to historical traditions and some reflect more quixotic influences. Strategic choices in governments' engagement of employers may greatly affect companies' involvement with social partnerships.

The following section examines two important governmental strategies to reach out to employers: network-building, a major initiative used especially well by Danish bureaucrats and politicians, and efforts to tailor service delivery to the markets, a favored innovation in Britain.

With critical efforts to build networks among employers, political leaders may help to expand corporate support for and partnership in their programs. Both Danish and British political leaders have sought to construct coalitions among business leaders in their efforts to involve employers in their active social policies. In the two countries these network-building efforts have consisted of both appeals to the largest firms in the land and outreach to regional employers.

In Denmark, the Ministry of Social Affairs has taken the lead on network building in the active social policy area with two somewhat contradictory national strategies: efforts to expand corporatist ties with the peak associations and efforts to mobilize firms directly. In 1992 and 1993 working groups in the Ministry of Social Affairs made a strategic decision to generate support for social partnerships with outreach to the employers and labour organizations rather than through media campaigns. This outreach marked something of a deviation from the status quo. Although the social partners have always played an important role in labour market policy, decisions about social policy have largely been left up to the government. Ministry staff was pleasantly surprised by how readily the social partners signed on to the social partnership concept.

A few years later the Ministry of Social Affairs expanded their outreach beyond the associations to individual firms with a campaign entitled "It concerns us all". Rather than mandating or regulating employers to participate in this project, the campaign set out to change managers' attitudes (Holt 1998). At the center of the campaign were the partnerships for social cohesion between the local governments and the firms centering on three related ends: for firms to keep or retain own workers, to re-

duce absenteeism, and to hire the socially excluded. This Ministry of Social Affairs campaign again represented a break with tradition, because in those policy areas where the labour market partners have had jurisdiction, government has refrained from excessive intervention and has left much to business and labour to work out together. One participant commented: "This new approach - of the ministry trying to intervene directly in society and trying to mobilize society - was a completely new way of doing things" .

To implement this campaign the former Minister for Social Affairs, Karen Jespersen, formed a group of about 15 large employers called the National Network of Firms. Almost everyone agrees that this direct outreach to the firms was a big deviation from past tradition of working through the associations. An industry respondent reflected the associational view when he remarked: "DA and DI didn't like the firms getting involved with the ministry; they were worried that there would be anarchy. Individual firms could give all sorts of opinions, with one firm saying one thing and another firm saying another, whereas the associations speak with one voice for all business". Another respondent offered the perspective of the Ministry of Social Affairs:

"The social partners are very much against the National Network because they want politicians to speak through them. DA and DI say 'speak through us,' but they represent the lowest level. Politicians feel that they can't work with the associations in the same way that they work with the firms. DA and DI are fighting to survive; they see the new networks as a threat; but, they need to modernize".

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The national efforts do not begin to tell the entire story, however, as network building at the regional and local levels have been vital to companies' engagement in social partnerships. As was mentioned earlier, one initiative spurring local networks was the legislation stipulating that each municipality have a social coordination committee to guide its efforts to reduce unemployment. The law mandates that representatives from the government, labour market partners, and special groups such as the handicapped sit on the committee and supervise the implementation of active social policy (Ministry of Social Affairs 1999). The Social Coordination Committees have been encouraged to hire a "company consultant" or a staff person dedicated to providing liaison with local employers. Many managers have reported that these individuals have greatly enhanced the local government's connections with the business community.

The Ministry of Social Affairs has also created five Regional Networks of Firms, thus carrying the national project to a regional level. Each of the regional networks has an "inspirator" who reaches out to companies and persuades them to create jobs and training for the long-term unemployed and for people with reduced working capacities.

Some believe that the social coordination committees and the regional networks have competed with one another, but my research reveals that many Danish firms have been quite influenced by one or the other of these bodies in their decisions to participate in social programs for marginal workers.

These local business mobilization efforts seem to have been especially important in the Danish case and may contribute to the comparative success of social partnerships in Denmark. Many Danish employers identified the local government (municipality) as their major source of information. One manager reflected: "We don't do much reaching out on our own, rather things come to us on an individual basis and we respond, especially when the local community is involved". Some firms also felt that they received material benefits from participating with the municipality; for example, one employer told me that the municipality was more willing to give sickness benefits to people from firms that participate in social partnerships.

In a study by Larsen and Weise (1999) 74 percent of firms sampled reported having had contact with local public authorities to work together on hiring the unemployed or people with reduced working capacities. In comparison, only about half of British employers reported ever having heard of Blair's New Deal programs for youth and the long-term unemployed, much less having worked with local governments to achieve the goals of these programs (Hasluck 1999).

The considerable local variation in the strategic efforts of local governments also account for important differences in company participation in the social programs. Damgaard (2000) has found significant differences in the strategies of local government in Denmark. Some municipalities have gone to elaborate lengths to expand business networks, while others have restricted employer outreach efforts to media advertizing and contacts by mail. These strategic differences seem to have an impact on participation rates by firms. In some localities one finds firms participating even though their economic profiles seems to mitigate against it, while in other localities companies that might arguably benefit from the state subsidies know virtually nothing about these social policies. For example, a respondent from one company with only 60 highly-skilled employees and virtually no room for unskilled workers explained that the firm has none the less developed job training positions for the long-term unemployed. The company entered into this partnership after being asked by the municipality to join a "board of directors," composed of five local companies responsible for advising the municipality on its use of funds earmarked for activating the long-term unemployed.

Tony Blair's Labour government pursued a national campaign similar to the efforts of the Danish Ministry of Social Affairs, although in the British case both media appeals and network-building strategies have been heavily utilized. Blair began his campaign to involve employers in New Deal programs with personal appeals to the largest British corporations and the program was announced with considerable fanfare and alleged business support.

The more enduring business outreach efforts in Britain have been implemented by the New Deal Task Force together with the Large Organizational Unit of the Employment Service. The Task Force was set up to advise and to provide employer input on program design and to encourage private voluntary sector participation. The task force's mobi-

lization of employers has concentrated on three types of groups: a Human Resource Forum; a small and medium-sized business group; and ten regional Employer Coalitions. The regional coalitions encourage business participation in the program to promote innovative initiatives to address unemployment. The Large Organization Unit is also currently trying to expand employer networks at the local level by setting up “select committees” in each region. These committees will also allow employers to shape New Deal services and are intended to expand local participation.

A second strategy to increase employer participation in social partnerships has been to tailor social policy to market demands, and thereby, to reduce for firms the burdens of participating. In Britain experiments to tailor the programs to private market needs fall into four interrelated strategies (most of which are in an embryonic stage): to make applicants job-ready; to design sector-specific programs; to increase reliance on private sector intermediaries; and to create account managers within the public sphere to handle vacancies.

The emphasis on making unemployed people “job-ready” came out of the disappointing results of the initial New Deal experiments. After individuals have been unemployed for 6 months or a year, they are supposed to go into a “gateway” period of intensive testing, basic skills-training, and intensive job searching. In the early days this period was far from intensive and something on the order of 20 percent of the participants actually entered employment. As one employer noted: “The New Deal lost credibility because the program pumped out people who aren’t job ready”. The Treasury New Deal Innovation Fund now funds a 10 million pound project to create and to test demand-led intervention. Employers are asked to specify their occupational needs, entry wages and anticipated retention rates, and the employment service will attempt to meet these needs.

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A large part of making the job seekers “job ready” is to tailor the skills of the potential workers to the needs of individual sectors. The philosophy underlying this is that different approaches are necessary for different occupations and sectors, as highly-skilled sectors require more intensive preparation and training of New Deal participants than sectors with lower skill needs. In this vein, the New Deal Task Force is beginning a project with the financial services sector. Another experiment currently underway is to transfer some of the tasks to private intermediaries, especially those related to preparing New Dealers for work. One company I spoke with reported its excellent experience recruiting personnel through Job Link, a third party intermediary that makes New Deal clientele job ready: “Joblink program vets the people...and finds people who want to progress and move forward”.

Finally, the Employment Service’s Large Organizational Unit offers to act as an account manager for large employers, or to accept responsibility for filling the vacancies in these firms. The unit hopes with this service to place New Deal clientele in jobs that are usually beyond their reach. Connected to the account manager strategy is a general goal of making the Employment Service more business friendly by putting vacan-

cies on the Internet and giving companies access to information outlining training needs, competencies and skills for certain types of jobs.

CONCLUSION

In this essay I investigate the conditions under which companies enter into social partnerships with the government to provide training and subsidized jobs for socially-excluded groups such as the long-term unemployed. When do employers feel that such activities are an appropriate use of company resources and consistent with bottom line concerns about productivity and profitability?

National institutions and traditions provide a backdrop for the deliberation of individual firms, thus the general participation rates of companies in Denmark and the United Kingdom are influenced by two national-level factors: the welfare state regime and the pattern of businesses' political organization. A country's welfare state regime or favored model of social provision has influenced how employers have traditionally engaged with social policy and how they greet new initiatives. For example, a central feature of social democratic welfare regimes is that policies are often applicable to a wide segment of society: thus, the Danish protected jobs for the socially excluded are available to workers already hired by firms who have reduced working capacities as well as to the long-term unemployed. That these programs can be used by firms for their own workers may serve to enhance the attraction of social partnerships. Thus, employers in Denmark seem more willing to join social partnerships than those in Britain in part because the former's policies are more appealing to firms than the latter's.

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Another national factor, the style of business organization, shapes how firms perceive social initiatives. Compared to their pluralist counterparts, corporatist business groups focus members' attention on broader, more collective, and longer-range issues. Thus, Danish companies' greater willingness to join social partnerships may reflect the ability of the corporatist employer organizations to focus attention on the social arena and to highlight the broad goals of reducing long-term unemployment. My research also suggests that Danish firms view peak business organizations as more salient to their deliberations than do comparable British companies.

Within countries one finds enormous variation in business participation in social partnerships. Thus two sub-national factors also seem important to how companies decide to enter into the social arena: the internal policy expertise of companies and their external links to local governments. Differences among companies within countries often seem to be related to variations in the internal expertise of these firms. A firm's access to information shapes how companies think about social issues; therefore, companies that have greater organizational resources for analyzing social policy are probably more likely to join social efforts to reduce unemployment. Simply stated, a firm may join social partnerships in part because it has the resources for thinking about unemployment and social policy.

Finally, government outreach to employers at the national and local levels seems to be an important inspiration for company participation. To secure greater company participation, Danish bureaucrats have expanded organizational forms of corporatism and have built new networks. Although social policy (unlike labour market policy) has traditionally been a matter of state control outside the corporatist structures, the Ministry of Social Affairs has both sought closer links to the corporatist groups and developed new networks among individual firms.

Although British bureaucrats have also engaged in network-building, experiments to engage employers have predominantly focused on developing market-conforming policies, i.e. that prepare recipients to meet the needs of local and sector-specific markets. Thus both countries have built on their historical legacies. Danish bureaucrats have emphasized a network strategy because they can negotiate with a very well-organized business community. British entrepreneurs have used a strategy of tailoring social policy to market needs because this is a tried and true intervention in liberal welfare state regimes.

The importance of state mobilization strategies is perhaps best revealed in strategic choices about employer control at the local level. Local control is a critical component of the active labour market and social reforms; therefore, countries across Europe have decentralized decision making, control and implementation of social policies to the local level. The relative success of municipal efforts to create local networks of employers may have a significant impact on the success or failure of the social interventions themselves.

Exploring why companies participate in social partnerships is relevant to questions of firm preference formation and identity, but this exercise also sheds light on the limitations of and contradictions inherent in active social policy. If firms are essential to the entire project and firms will only participate in certain ways or under certain types of rules, understanding why firm will or will not participate should be significant to central issues facing welfare states today.

As mentioned above, welfare state regimes tend to perpetuate themselves, as policy entrepreneurs follow historical patterns in constructing both policies and strategies (Green-Pedersen, van Kersbergen and Hemerijck, forthcoming). Social democratic countries have historically expanded support for their welfare states by making programs universal instead of means-tested. Because the new active social policies are also potentially available to anyone who suffers from a reduction in working capacity, firms can use these for their own employees. The efforts to tailor New Deal clientele to market needs is very much in keeping with the liberal welfare state tradition to make social interventions confirm to markets whenever possible. British firms are more likely to hire New Dealers who are “job ready,” or who resemble individuals in the regular labour pool.

That new initiatives continue in the vein of past experimentation is not surprising, but these legacies of the dominant welfare regime can limit the ultimate efficacy of the programs. The limits of the regimes may be passed onto the social partnerships. If in both countries the popularity of the programs depends on the extent to which these programs can be applied to individuals who are already in jobs or “job ready”, one wonders about the scope of the social partnership strategy and the extent to which it can address the needs of the truly disadvantaged. Can active social policy and social partnerships change the plight of the hard-core unemployed? Are state budgets being eroded to fund the employment of individuals whom firms are already hiring? Are the socially excluded becoming even more marginal?

The importance of internal experts in persuading firms to participate points to another contradiction inherent in the active social policy strategy. To the extent that policy experts play a functional role within the firm in human resources departments, the company is more likely to recognize the benefits of participation in social partnerships, such as the potential for tapping into a new labour pool and the benefits of reducing long-term unemployment. Yet, a micro look at companies' involvement with social partnerships points to conflict in goals. Human resource managers must convince their firms that social partnerships are consistent with the other goals of the company, yet the social strategies for integrating the unemployed often either neglect or conflict with companies' other strategies to improve productivity and the working lives of their own employees. In the United Kingdom many managers reasoned that the active social policies did little to improve the stock of available skilled labour and preferred more fundamental educational programs. Danish firms experienced problems with reconciling participation in social partnerships (and bringing people with reduced working capacities into production) with their innovations to make their own workers more highly-skilled, flexible, and productive (including training, job rotation schemes, and self-managed working groups).

Finally the importance of state strategies to the success of social partnerships raises the question of what these partnerships ultimately signify for the steering capacities of the state. What does this increasing reliance on companies to implement social policy mean for democratic accountability? Are the bureaucratic functions and capacities of government being eroded or enhanced by attempts to incorporate firms as social actors? The answer is probably some of both. On the positive side, many would argue that there has been real progress in achieving a more encompassing labor market, reducing long-term unemployment, and incorporating the socially excluded back into the core economy. Many of the employers I spoke with exhibited a sophisticated and impressive grasp of both the problems and proposed solutions.

Yet on the negative side this interdependence between business and the state can produce a greater inequality in the treatment of citizens in the social sphere. Quid pro quo may be a fact of life, but it is not ideologically congruent with the conception of

social rights. Countries with social democratic welfare states have historically emphasized universalism and social citizenship, yet the social partnership strategy could conceivably detract from both. The boundaries between the public and private realm seem less distinct than ever, as supporters from diverse political persuasions recommend securing private sector participation in the implementation of social goals. Yet important questions remain about how this growing privatization will influence the distribution of power and the performance of democratic controls in the welfare state.

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Social partners and social partnership at the European level

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TOWARDS A “EUROPEAN” SYSTEM OF LABOUR MARKET AND SOCIAL POLICY?

Both terms, social partners as well as social partnership, have diffuse and rather different meanings in particular when they are used at the European instead of the national level (see Hyman's contribution in this volume for an elaboration of the terms). In the first part of the paper, I will start from very broad definitions that refer to different corporate actors at the enterprise, sectoral and macro (or in Euro-jargon “interprofessional”) level. The term social partners will be used as an equivalent for representatives of employers and employees and their interest organisations, respectively. I will include quite different forms of social partnership, such as co-operation, information, consultation and participation at the indicated three levels. Later on, I will focus on the meso and macro levels and on rather specific forms of institutionalised social partnerships, for example social dialogues between a limited number of European peak associations at the interprofessional and sectoral levels.

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The focal question is if specific, highly institutionalised social dialogues at the European level can contribute to social inclusion to be achieved primarily at the national level and to prevent social exclusion respectively. Industrial relations as well as labour market policies are considered to be of major importance for social integration.

EUROPEAN WORKS COUNCILS: TOWARDS A GENUINE EUROPEAN INSTITUTION

Political plans to introduce some form of employee participation in decision-making at the enterprise level of multinational companies (MNCs) can be dated back to the early 1970s. It took, however, more than two decades, heated political controversies and different draft directives before the Directive (94/45/EC) on the “Establishment of a European Works Council (EWCs) for a procedure in Community-scale undertakings and Community-scale groups of undertakings for the purposes of informing and consulting employees” was finally passed in 1994.

The basic reason for this long-lasting stalemate had to do with the political frame of reference and the institutional prerequisites of decision-making. Before the Social Protocol and its Agreement on Social Policy annexed to the Maastricht Treaty (hereafter Social Protocol) were passed in the early 1990s, basic decisions on the vast majority of social policy issues had to be taken unanimously in the Council of Ministers. Throughout the 1980s, there was always one dissenting vote, in most cases from the conservative government of the UK. The Social Protocol, that excluded the UK because of its

“opt-out” until 1997, introduced the option of qualified majority voting in selected fields of interest (such as the protection of workers’ health and safety, working conditions, the information and consultation of workers, equality between men and women). Thus, the Social Protocol was the necessary institutional prerequisite for the Directive on EWCs.

There is an interesting predecessor of the Directive that has lasting impacts. Since the mid 1980s some MNCs had introduced EWCs on a purely voluntary base after negotiations with employees’ representatives had taken place. However, the overall number of these pioneering EWCs always was and remained rather low. The lesson to be learned from this experience was that this strictly voluntary strategy of some social partners did not create a sufficient precondition for a high coverage rate. Even in times of the renewed principle of “subsidiarity”, decentralisation, importance of private instead of public regulation and increased responsibilities of the social partners, intervention by legal means proved to be necessary in order to solve this highly controversial issue. This empirically based observation can also be regarded as a strategic recommendation for future European public policy making quite in general. Pure “voluntarism” does not work.

It is no real surprise that this constellation of opposing interests changed only when the (rational, self-interested) actors realised that EWCs would be introduced on a legal basis in any case. Between the fall of 1994, when the Directive was passed, and the fall of 1996, when it had to be implemented at the national level, the number of concluded voluntary agreements increased significantly. In absolute figures: It skyrocketed from 30-40 to about 400 MNCs (Marginson et al. 1998). It has to be taken into consideration that the voluntary agreements can last, despite the existence of the Directive, for an indefinite period if both partners keep to agree. In many regards they have served as a blue print for all later solutions.

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In the mid 1990s there was a generally shared assumption that all MNCs fulfilling the criteria of the Directive (at least 1000 employees within the EU and 150 employees in at least two member states) would introduce EWCs fairly soon after the Directive had been implemented at the national level. Surprisingly enough this did not happen at all. Since 1997 the so-called strike rate has increased slowly and has only reached about one third of all companies, e.g. almost 600 of about 1800. However, if we do not count MNCs but the number of their employees the coverage rate is higher. This means that bigger MNCs are more likely to have established EWCs than smaller ones.

The reasons for this unexpectedly low speed of implementation have to do with the availability of resources and differing interests on “both sides of industry”. Corporate management representatives might either not be interested at all or try to delay the introduction of EWCs as long as possible. Employees’ representatives at different levels might not be overtly interested either and unions could suffer from a general lack of resources (financial as well as human resources) given that the procedural rules are fairly complicated and long-lasting.

Consequently, it will take much longer than originally expected to implement the European regulation not only at the national but also at the equally important enterprise level. Most recently, some observers have even argued that a full coverage will never be reached.

THE LESSONS LEARNED FROM THE EWC PROCESS

The lesson to be learned is that the pure existence of European regulation is not identical at the national levels and should by no means be confused with its implementation at the subordinate levels. There are considerable degrees of freedom and ample room for political manoeuvring at the lower levels. On the one hand, all European regulations have to be broad and quite flexible because they have to fit the different national systems of member countries. On the other hand, this necessary construction generates considerable opportunities for political interference.

Results are of a more or less ambiguous nature in more qualitative regards. On the one hand, it is completely justified to point out that the opportunities of action for EWCs are rather weak in comparison with those of their counterparts in different member states like Austria or Germany. EWCs have only limited rights of information and consultation but no veto options or rights of strict and binding co-determination. Thus, they can not question "management prerogatives".

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Generally, their opportunities of collective action will most likely be rather narrow because of this strict limitation of rights. They will possibly be helpful means of interest representation for problems of information but not for antagonistic conflicts of pure distribution (zero sum games such as strategic decisions about future investments, downsizing or plant closures). Furthermore, there are major problems, which prevent efficient forms of interest representation, such as language difficulties, low frequency of meetings, no institutional substructure at national level, general lack of resources and non-defined relationships between EWCs and unions.

Most recent empirical analyses show enormous differences between and diversity of existing EWCs (Lecher et al. 1999). They have to develop their formal and informal networks of communication and information in four directions:

- Towards interest representatives at the national level
- Towards top management
- Towards trade unions
- Between different members of the EWC.

In the long run, some EWCs might be able to become real, powerful actors or even bargaining partners for management instead of mere forums of information and consultation (a development that most likely will have major impacts for the stability of national systems and would contribute to the gradual erosion of "dual" systems of industrial relations). Others, and possibly the majority, will either stagnate or remain

dormant. Any coherent development across MNCs is rather unlikely because of their flexible and enterprise-specific character and because of the above mentioned implementation problems.

On the other hand, EWCs constitute not only the most important but also the only genuine “European” institution within industrial relations systems that are otherwise still strictly based on the national level. Thus, they could be the nucleus of future developments towards gradual integration. Their importance might even increase in times of further decentralisation and more flexibility. As will be demonstrated later, the development of a coherent, non-fragmented system of “European” industrial relations is lagging far behind the economic integration in EU.

All in all, despite the existence of the Directive and, thus, relatively favourable preconditions for integration, one should not overestimate the present state of development and the perspectives of this “social dialogue at the enterprise level”. Even in the most favourable case of development its contribution towards “social inclusion” would be limited to the interests of actual employees of MNCs who constitute a relatively limited percentage of all employees. Anyhow, it is still a rather long way to go.

THE EUROPEAN COMPANY STATUTE: THE UNFINISHED BUSINESS

Forms of employees’ participation in managerial decision-making can refer to at least two levels of the enterprise, i.e. the workplace and the board level (Ferner/Hyman 1998). Legal and empirical differences between member states are even more widespread in the latter than in the former. The introduction of some kind of participation for the board level has also been on the EU political agenda for about three decades. In contrast to the already mentioned case of EWCs, the Social Protocol annexed to the Maastricht Treaty has not shifted this issue to qualified majority decision-making. It has remained under the unanimity rule and has, therefore, not yet been finally solved. Since 1997, however, the so-called Davignon report (Final report 1997) has re-launched the initiative. The newly introduced strategy has been to connect and to combine the introduction of a European Company Statute with some kind of participation at the board level. While EWCs, for different reasons, are in the interest of (a not exactly known number of) MNCs, the European Company Statute is in the interest of employees and their unions. It took another couple of years and some new compromises to be introduced by different presidencies. The last opponent, in this case Spain and not the UK, gave up its fierce opposition in late 2000.

The European Company Statute is supposed to be passed in 2001. Its overall structure and exact contents are difficult to predict but they will most likely follow the general pattern of its predecessor on EWCs. It will be of procedural instead of substantive nature, and leave the conclusion of “flexible” agreements about all substantive issues to autonomous negotiations between top management and employees’ representatives at the lower, enterprise level. It will be (and has to be) relatively open and compatible with one-tier as well as two-tier governance structures at the national level.

Thus, it has to take major institutional differences between member states into consideration. The introduction of some minimal “subsidiary requirements” is rather likely in the event that voluntary negotiations fail though this will definitely not lead to any kind of strict “harmonisation” of social regulation. It will introduce only basic or minimum standards for information and consultation that can voluntarily be surpassed at the level of the individual enterprise if, but only if, both sides agree.

One could of course argue that this new kind of “flexible” regulation is not the most ambitious one as far as the degree of strict European integration is concerned; earlier draft Directives were more far-reaching. The present proposal starts, however, from more realistic assumptions about the importance of considerable differences between member states, about lasting differences of interests between the social partners’ organisations and political opportunities of European actors. Thus, the opposite argument could be supported, i.e. that the recent kind of regulation is more realistic about different obstacles, more sophisticated in its approach of mutual recognition and allows more “flexibility” at the enterprise level.

SOCIAL DIALOGUES AT THE INTERPROFESSIONAL LEVEL

Social dialogues in a much narrower meaning can take place at the macro and/or the sectoral or branch level. They rest on the same institutional foundation but are in different phases of development. We will deal with both levels and start at the interprofessional level.

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Present social dialogues can be traced back to the mid 1980s. When Jacques Delors became president of the EU, he tried to develop and use this instrument in order to overcome the political stalemate and to launch more and far-reaching social policy initiatives. As an integrated part of his overall strategy he tried to integrate the social partners at the interprofessional level, i.e. the European peak associations of employers (UNICE and CEEP) and employees (ETUC).

The results of this so-called Val Duchesse Dialogue, are ambivalent. On the one hand, it has been argued that “both sides of industry” provided not only necessary information for the Commission; they also learned more about each others interests, developed a certain degree of mutual understanding and issued a growing number of statements as results of their activities. On the other hand, both partners did, with two most recent exceptions of minor importance in transport, never manage to conclude binding framework agreements; they only issued a limited number of voluntary, non-binding declarations and recommendations. Thus, these results have had no binding consequences for future action of the signatory parties.

In the early 1990s, the Social Protocol changed this unsatisfying constellation in two regards. First, it extended the range of qualified majority decisions in the above mentioned fields and, thus, increased the likelihood of more and integrative outcomes. Second, it granted the social partners the legally guaranteed opportunity to be con-

sulted twice in all processes of social policy decision-making. Furthermore, they do not only participate but are even encouraged to negotiate voluntary framework agreements. These will be implemented at the national level “either in accordance with the procedures and practices specific to management and labour and the Member States or ... at the joint request of the signatory parties, by a Council decision on a proposal from the Commission” The results are binding and have to be implemented at the national level within a limited period of time, mostly two to three years.

Expectations about more and positive results from the initiatives of the privileged social partners and the impacts of this “new” social dialogue on the development of European social policy were quite high. The Commission itself developed the procedural rules in its several Communications on social dialogues (1993, 1996, 1998).

The results so far are not overtly convincing. First of all, the overall number of initiatives has remained fairly low (less than ten). The number of social partners’ voluntary framework agreements is even lower (parental leave in 1995, flexibility in working time in 1997, fixed term contracts in 1999) and of symbolic value only. The substance of these voluntary contracts is not overwhelming and their scope is rather narrow. They might have paved the way for future, more successful negotiations. Their substantive results constituted compromises at the level of the smallest common denominator and improved the standards of social protection only in a rather small number of member states. Their minimal substance can even be further watered down during different stages of implementation. There has always to be ample room for national and enterprise specific adaptation that can be exploited by representatives of different interests.

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One could convincingly argue that these first negotiations between the social partners were important not because of their substantive impacts for the majority of member states but because they developed and clarified complicated procedural issues.

However, in some major cases the Commission had to return to the traditional track of legislative action in order to finish the initiative after voluntary negotiations had either failed in different stages of the procedure or had not even been started (like the Directive for the establishment of EWCs in 1994, the burden of proof in sex discrimination in 1995, sexual harassment in 1996, national information and consultation in 1998). Some initiatives taken by the Commission have been on the political agenda for quite some time and are still unsolved with uncertain perspectives.

Table 1

INITIATIVE OF THE COMMISSION	RESULT OF THE TWO-STEP CONSULTATION	ADOPTION OF THE REGULATION
EUROPEAN WORKS COUNCILS, 1994	Failure of the social partners to reach a framework agreement, Draft Directive by the Commission	Directive 94/45/EC adopted 22.09.1994
PARENTAL LEAVE, 1995	First framework agreement on parental leave	Directive 96/81/EC adopted 03.06.1996
BURDEN OF PROOF, 1995	Failure of the social partners to reach a framework agreement, Draft Directive by the Commission	Directive 97/80/EC adopted 15.12.1997
SEXUAL HARASSMENT, 1996	Failure of the social partners to reach a framework agreement, Draft Directive by the Commission	No specific legislation because of member states resistance
FLEXIBILITY IN WORKING- TIME, 1995	Second framework agreement on part-time work	Directive 97/81/EC adopted 15.12.1997
FIXED TERM CONTRACTS, 1999	Third framework agreement on fixed-term contracts	Directive 99/70/EC
NATIONAL INFORMATION AND CONSULTATION, 1998	Failure of the social partners to reach a framework agreement Draft Directive by the Commission	Still on the agenda
TEMPORARY AGENCY WORK, 2000	Agreement to start to negotiate	

This judgement does not mean that the Social Protocol, that later became part of the Amsterdam Treaty (Articles 136-139) without substantive changes, has had no impact at all. There might even come some more voluntary framework agreements in the future (Negotiations on temporary agency work started in 2000).

Still, it is quite obvious that the extension of the range for possible qualified majority decisions instead of unanimity has been more important than the social protocol itself. It has increased the likelihood of results because decisions are more difficult to prevent. The change in the opportunities of the social partners is less important because they

will continue to have opposing interests in the vast majority of important areas of interest and, thus, prevent negotiated results despite the new institutional infrastructure.

THE POSITIONS OF ETUC AND UNICE

ETUC has for a long time been interested in more and far-reaching European regulation in order to create and strengthen the “social dimension” of the internal market. Thus, unions try to keep a balance between the progressing economic and the lagging social integration. Some expect to gain from supranational regulations what they have lost at the national level; others expect some additional advantages they could not get at home.

This contrasts the position of UNICE, where it has become quite obvious that UNICE does not enter negotiations voluntarily but only under “the shadow of law”, i.e. when the Commission credibly threatens with legislation in specific cases. “Negotiate or we will legislate” has not only become a famous phrase in “Euro-jargon” but also provides an accurate description of the constellation of interests. Only in cases of threatened legislation does UNICE enter active participation in individual dialogues, instead of mere lobbying activities, as the most efficient strategy to control procedures as well as results of initiatives. Quite in general, UNICE clearly prefers purely voluntary and informal arrangements in contrast to formal and binding framework agreements.

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This more recent strategy of conditional consent does, however, not indicate any fundamental change of overall orientation and goal formation but only its rather flexible adaptation to the new institutional frame of reference. Major changes from the status quo, that is characterised by the existence of very limited, or next to no European regulation, do not favour the dominant interests of UNICE. Its political strength to preserve the status quo, or at least to delay major changes, results from its weakness as a peak association without encompassing sectoral substructure and broad opportunities of action. In contrast to employees, employers can further their interests by means of individual instead of collective action.

The implicit assumption that can, however, not be taken for granted is that both sides are interested in positive results that contribute to social integration. In other words, there is a fundamental difference between positive sum and zero sum games. The range of consensual interests, such as health and safety issues as the most prominent examples, that makes mutually beneficial agreements possible is fairly limited. In the majority of policy fields interests of “both side of industry” remain more or less conflictual and, thus, prevent contractual agreements.

It is an empirical fact that all initiatives have been launched by the Commission, and not by the social partners themselves. In other words: it always takes the Commission as a powerful initiator and its credible threat of legislation to get voluntary negotiations started. From a “Euro-optimist” point of view one would expect exactly the opposite, in particular in times of the renewed principle of “subsidiarity” in the Maa-

strict Treaty and the explicitly announced transfer of more responsibilities in different social policy fields from the Commission to the social partners. However, the rhetoric's and symbolic politics of the Commission are not in line with more recent empirical results.

It is not very likely that the present Commission will be more active in the near future than its predecessor. "Consolidation" and "implementation" of the already reached results are the catchwords of its rather cautious, most recently introduced strategy rather than introducing new initiatives. The overall situation changed in the mid 1995 when the Commission led by Jacques Delors left office and a period of more frequent activities came to its end. Last but not least, the inter-professional social dialogue at European level has no direct or indirect affiliations whatsoever to social dialogues at the national level. Thus, a division of labour or mutual congruence cannot be developed.

SOCIAL DIALOGUES AT THE SECTORAL LEVEL

As already mentioned, social dialogues according to the Social Protocol can take place at the inter-professional and at the sectoral level. Most recently the controversy has shifted to opportunities and constraints of sectoral dialogues. One could even argue that the sectoral level could be of more relevance for different reasons. Collective bargaining still takes place at the sectoral level in the vast majority of member states where more flexible and more specific agreements are possible, and where the interests of sectoral social partners are more homogeneous (The UK constitutes, of course, the major exception from this general rule). Therefore, the development of its functional equivalent at the European level would be an urgent necessity as far as the future of European industrial relations in particular and social policy in general is concerned (Keller 2001).

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The sectoral form of social dialogues can be traced back until the 1960s. For many years it took place in two institutionalised forms, e.g. Joint Committees (JCs) and Informal Working Parties (IWPs). There were two conditions within the sector that favoured the launch of this kind of dialogue, e.g. either the existence of common policies (like in agriculture or transport) or a high degree of internationalisation of product markets (like in telecommunication or electricity) or, in some cases of labour markets (in construction).

The results of the social partners' activities in more than 20 sectors consisted in a slowly growing number of voluntary, non-binding declarations and general recommendations. They focused on EU legislative and regulatory problems with social implications for their particular sectors. Some corporate actors, including not only unions but also the Commission, became more and more dissatisfied with the strictly non-binding character of all these statements. Such results had already been possible before the introduction of the Social Protocol, and changes towards more binding forms had not taken place.

Finally, the Commission decided to abolish these specific social dialogues at the end of 1998. In its third Communication (COM (98) 322 final) the Commission argued that these old structures "have become over-institutionalised or have retained operational methods which have outlived their usefulness". They were replaced by "Sectoral Social Dialogue Committees promoting the Dialogue between the social partners at European level". One basic requisite for the establishment is a "joint request for a sectoral dialogue committee". On the basis of this request the Commission decides according to its established criteria.

Interim results of this "streamlining" of procedures are not very encouraging. Even after the fundamental reconstruction towards new, more unified structures sectoral dialogues are still characterised by their "pre-Maastricht" status. They have not led to any results that would bind the signatory parties and their constituencies, whereas their counterparts at the inter-professional level have at least ended in some binding framework agreements.

Their existence is more likely in smaller and, therefore, more homogeneous sub-sectors (like in transport with five to six sub-sectoral dialogues according to different means of transportation). My empirically based recommendation is that the perspectives of social dialogues could be improved under certain conditions. They should be further decentralised, not only from the inter-professional to the sectoral, but also from the sectoral to the sub-sectoral level (for example, subdividing the engineering sector into ship-building, steel, car-industry, mechanical engineering, tools, etc). Participants' interests would be less heterogeneous and less encompassing and, therefore, easier to organise and to mediate.

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With very few exceptions in less important sectors (such as leather) the new structure is nothing but a copy of the old one or a linear continuation of former patterns. Corporate actors, who had been involved in the old forms for quite some time, tried to secure that the Commission continued to provide its logistic, financial and administrative resources that are urgently necessary. The social partners' "joint request" was the only strategy to achieve this goal. However, the constellation of opposing interests in all other sectors without dialogue structures in the past has not been substantially changed because of the recent processes of restructuring.

Furthermore, it is remarkable that sectoral dialogues are by no ways equally distributed across sectors. They are still completely missing in major sectors (such as chemicals, metalworking, or the public sector) that are of crucial importance for all national economies.

It is difficult to see what the impacts of sectoral dialogues for the development of European industrial relations as a fundamental part of social policy could possibly be. The "sectoral dialogue committees" will serve as instruments for lobbying the European actors; they will lead to a number of recommendations and joint opinions but hardly to any binding sectoral agreements on focal issues.

Even some of the necessary institutional prerequisites for the establishment of sectoral dialogues are missing: On the one hand, there is no dense network of sectoral organisations on the employers' side. Some of the existing organisations are just not willing to negotiate and to conclude agreements (as in engineering); in other sectors European associations do not exist at all or are rather fragmented. On the other hand, ETUC has an integrated substructure of European Industry Federations that cover an encompassing range of sectors but find no counterparts to negotiate with. Last but not least, all existing associations are more or less reluctant to transfer parts of their autonomy to the supranational level because this step would include a certain loss of national control and power.

In future, processes of implementation at the national level will be at least as complicated as at the inter-professional level, if successful agreements are reached at a European level. Furthermore, it is even more unlikely than at the inter-professional level that the Commission would frequently intervene. All initiatives would not only have to be dealt with by DG V that is in charge of all social dialogues. They would also have to be co-ordinated between different DG's (like VII - transport or XVII - energy) that can have differing if not even opposing interests.

SOCIAL DIALOGUES AND COLLECTIVE BARGAINING

It is important to maintain a clear distinction between social dialogues and collective bargaining. In obvious contrast to widely shared hopes of at least some actors, including not only the unions but also the Commission, there is no empirical support for the assumption of automatic developments from one form or stage to the other. For different reasons, they do not constitute functional equivalents.

Most importantly, the "core" issues of collective bargaining, wages and salaries, are explicitly excluded in the Social Protocol and the Amsterdam Treaty respectively. Thus, social dialogues are necessarily limited to "softer" issues where all initiatives for regulation so far have been launched by the Commission and not by the social partners. The social dialogues are therefore trilateral arrangements where collective bargaining is bilateral by nature. This is underlined by the explicit exclusion of strikes and lockouts as possible objects of negotiations in the social protocol. Thus, all social dialogues are characterised by their strictly consensual nature whereas the opportunity to take industrial action as a means of last resort is an integrated and indispensable part of collective bargaining. Consequently, social dialogue and collective bargaining belong to different arenas of interest representation.

THE IMPORTANCE OF THE EMU ON COLLECTIVE BARGAINING

Furthermore, the introduction of the European Monetary Union (EMU) puts an end to an option that had been available and had sometimes been used under the old regime of different national currencies. The exchange mechanism as a means of adaptation does not exist any more because the formerly national monetary policies have been

centralised within the European Central Bank. Collective bargaining, however, still takes place at the national, mostly sectoral level. In other words: Collective bargaining, mainly wage policies, are in a more complicated position and will have to serve as “shock-absorbers” because all other possible instruments of adjustment (such as devaluation of individual national currencies, transnational mobility of labour, or transfer payments from the European to the national level) are, either for legal or for empirical reasons, not available under the new regime of the common currency. Thus, the introduction of EMU has increased the necessity of some new kind of supranational co-ordination of bargaining.

EUROPEAN LEVEL CO-ORDINATION AS AN ALTERNATIVE TO EUROPEAN COLLECTIVE BARGAINING

The most recently developed alternative is supposed to leave bargaining at the autonomous national level but to co-ordinate different national strategies more closely on a trans-national base. The “European orientation formula” tries to orient the results of collective bargaining towards the sum of increases in consumer prices and growth of labour productivity (Schulten /Bispinck 1999). National unions could use this sum for different, wage as well as non-wage issues (such as wage increases, work-time shortages, vocational training and further education). The return to the “productivity oriented wage policy” is supposed to prevent “social dumping” and more recent strategies of mutual national undercutting by means of pay moderation (like in Germany in some cases). In any case, the full “distributive margin” should be used.

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At least so far, these initiatives to “inform and consult each other on developments in bargaining policy” have been limited to a small number of unions in some sectors (construction and metalworking, among others). Furthermore, they have included only a small number of neighbouring countries (the Benelux countries and Germany as “core countries”). Thus, this “Doorn group” does not (or at least not yet) create an overall “European” co-ordination.

There are implicit, internal as well as external assumptions that have to be met if such strategies are supposed to be successful:

- Purely voluntary and informal cooperation of participants without the option of any “hard” sanctions or “vertical” mandating of supranational associations
- Development of mechanisms for the intermediation of differing interests between unions from export versus domestic sectors, reactions of employers’ and their associations towards these attempts
- Legal and institutional differences between countries such as monistic versus dual systems of industrial relations
- Problems of implementation of results and their evaluation.

Last but not least, all formerly important questions of redistribution between capital and labour are of no more importance within these concepts of co-ordination.

This approach of pure transnational coordination is different from stricter forms of ge-

nuine “Europeanisation” such as social dialogues (horizontal co-ordination versus vertical integration). Because of its purely informal nature it lacks any institutionalized frame of reference that would create opportunities as well as constraints for the actors. Presently, it is too early to assess the success or failure of these attempts but their strictly informal character could create major difficulties. Needless to say that national as well as supranational employers and their associations have not at all been interested in these arrangements of trans-national co-ordination and will definitely prefer the preservation of the status quo without any kind of horizontal co-ordination.

The active development towards more relevant sectoral dialogues does definitely not constitute a high priority in these concepts - the exact opposite is the case. Therefore, it is rather likely that there will be different paths towards gradual “Europeanisation” in the future. There could be emerging social dialogues in some sectors and trans-national co-ordination of bargaining in others, or a more or less elaborate division of labour (between “hard” and “soft” subjects, among others) could evolve between both forms within sectors. The crucial, unanswered question is whether these two paths of development would be mutually exclusive or not.

EUROPEAN EMPLOYMENT POLICY AND THE IMPACT OF SOCIAL DIALOGUES

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During the mid 1990's unemployment kept rising in the majority of member states (up to more than 10 per cent on average). In 1997, the Employment Chapter was introduced into the Amsterdam Treaty (Articles 125-130) after political majorities had changed in major member states. Thus, the supranational instead of purely national competence and responsibility was acknowledged for the first time.

The elaborate procedural arrangement, the Luxembourg process established in late 1997, is supposed to have the following structure. European actors, including the Commission and the Council of Ministers, draw up employment guidelines that are condensed into four pillars. In order to implement these guidelines the member states must develop national action plans (NAPs) that have to be in line with the general European strategy and its mid-term targets. Individual countries have to report annually about their present measures and future plans. The targets of these national reports are to be evaluated by the Commission on a comparative base. Finally, recommendations for individual member states are announced public and incentive measures can be introduced.

After the first rounds of annual repetition of the new procedures final judgements are still difficult. However, some basic problems have become fairly obvious: There are no “hard” instruments or binding sanctions and fines to be used by the Commission in the case of individual non-compliance. Therefore, co-operation between member states has to take place on a purely voluntary basis. However, this makes gradual changes within (or even of) national policies more likely than in other policy fields, could ease strategic learning processes of actors and allow for the generation of trust within long-term relationships.

Furthermore, Member States might indicate measures they would have taken anyway as genuine “European” - and, thus, present just old wine in new bottles in order to be in line with political expectations and to avoid publicly made recommendations. Last but not least, major problems of finance at the national as well as at the supranational level remain unsolved. The input of additional resources has been explicitly excluded, and the re-allocation of existing resources will be difficult.

All major actors agreed that social partners from the national as well as the European level should play a more active role and participate in all phases of the annually repeated policy processes. Broadened and enlarged social dialogues at the inter-professional as well as sectoral levels are considered to constitute the appropriate means for strengthening the existing but underdeveloped dialogue structures, as well as the new employment policies. They are to be focused on employment issues instead of dealing with a complex set of heterogeneous subjects. At the national level, social partners are to participate in the development of NAPs, at the supranational level their peak associations are to be consulted and to take part in all phases of the policy cycle.

THE POSITIONS OF UNICE AND ETUC IN THE EUROPEAN EMPLOYMENT POLICY FORMATION

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In empirical perspective it is difficult to see how and why social dialogues should succeed in contributing to and being efficient instruments for the intended European co-ordination of national policies. UNICE, the major player on the employers' side, “expressed its concern about a possible breach of the principle of subsidiarity and argued that the majority of social and labour market policy issues should be addressed by governments and social partners at the national level”. After the opposite political decision had been taken, UNICE adapted its strategies to the changed frame of reference and started to influence the formulation and implementation of guidelines, pillars and NAPs in order to further its own interests.

On the other hand, ETUC had from the first beginning been strictly in favour of the employment chapter with far-reaching consequences and had demanded vigorously its inclusion in the revised Treaty. Thus, the fundamental differences of interest between the European peak associations of the social partners reflect the well-known, almost insurmountable positions on more flexibility and further deregulation of labour markets taken by the social partners at national level. Even if they agreed on some of the general targets, such as the reduction of unemployment levels, they nevertheless strictly disagree on the appropriate means of action and instruments of implementation. Therefore, the contribution of the “European” employment strategy to social integration will be limited. The Commission itself has most recently argued in another context: “The cross-industry social dialogue comprises two elements: tripartite concertation and autonomous bipartite dialogue... The tripartite concertation process was recently generated with the introduction of the European employment strategy and discussion of the employment guidelines, resulting in consolidation of the forums of concertation and creation of new structures.” (COM (2000) 113 final). Social dia-

logues within this context will therefore have a specific meaning and be of a rather limited nature. They will, in obvious contrast to the binding character of their counterparts according to the Social Protocol, be of a purely voluntary and non-binding nature. Social partners will not be able to negotiate agreements whose content will be accepted by the Commission without any substantial changes. Social dialogues will reflect the structural preconditions of the pre-Maastricht era. Previously only common statements and shared opinions were issued without any binding consequences for the signatory parties.

All in all, the chapter on employment does not introduce a genuine strategy towards the “Europeanisation” of formerly national policies but only a fairly “soft” European co-ordination of strategies and measures to be followed at the national level. Thus, it creates a new pattern of European regulation that is less far-reaching than its predecessors involving strict harmonisation and minimum standards. There is a trend from “hard” towards “soft” law regulation. In other words, under the heading of “subsidiarity” that favours lower (local, regional or national) level regulation and self-regulation the shift from substantial to procedural regulation has progressed.

The decisive question of whether the glass is half full or half empty is difficult to answer. The annual repetition of the procedure might constitute a favourable precondition. Member states agreed only on a small number of quantitative targets (measures against youth unemployment and long-term unemployment, among others) because they did not want to have strict, enforceable obligations. If they agreed to broaden and to increase this number of evaluation procedures, it would be easier for the Commission and more restrictive for the individual countries.

SUMMARY AND CONCLUSIONS

The impact of different versions of social dialogues at the European level should not be overestimated for different reasons indicated above. Overall progress has been slow but faster on some levels (such as MNCs) than others (such as different sectors). This uneven speed of development is going to continue. They are, at least, still in their fairly early stages of development and thereby in obvious contrast to recent trends towards concertation and renewed forms of peak level and sectoral corporatism in individual member states (Fajertag/Pochet 2000).

The emergence of some kind of “European neo-corporatism” is rather unlikely because necessary institutional prerequisites are missing:

- Encompassing, hierarchically ordered and centralised supranational organisations
- Their ability to bind their own national rank and file to consensual commitments of mutual interest
- Their ability to engage in mutual and informal, but nevertheless binding obligations with the other participating corporate actors
- Their integration into protracted processes of implementation.

These preconditions will, because of the incomplete institutional structure as well as of opposing interests of the social partners in social issues, not be available in the foreseeable future. If some social dialogues in a broader sense, e.g. mainly EWCs, will be able to provide powerful instruments for the development of European social policy in general and industrial relations in particular is at least an open question - if not rather unlikely for all indicated empirical reasons. The results of social dialogues in a narrower sense to "social inclusion" have been even more limited.

The partial, gradual shift of responsibility from the Commission towards the social partners under the heading of the principle of subsidiarity can prove to be a dead end street in many cases. It helps to shift the political blame for non-action from the Commission to the social partners but it does not solve major problems of social policy or social inclusion. High expectations, among others of the Commission itself, are just wishful political thinking and not justified by empirical results of these processes that have been limited to actors representing specific interests of their constituencies. In any case, the gradual development of a more homogeneous "European model" of social inclusion by means of social dialogues is unlikely. The Commission and not the social partners will have to remain the "prime mover" and most important actor. The decisive instrument for successful attempts is the Commission's credible threat to legislate. If the Commission refrains from taking the initiative there will be next to no changes. The implicit and crucial assumption that "both sides of industry" could further their own interests by participating in social dialogues cannot be taken for granted in the vast majority of cases because divergent interests continue to exist.

PERSPECTIVES

First of all, additional problems will be created by the forthcoming Eastern enlargement of EU. The transfer and implementation of the "acquis communautaire" will require not only the establishment of associations and administrative structures within the accession states, but also the close co-operation of different economic and social actors. According to the Commission, the social partners are supposed to play a major role during these developments. "Capacity building" within and between social partners, aiming at the dialogue structures for the employment and social agenda, will be necessary but difficult to achieve. The social partners from the member as well as the applicant countries are, as indicated in their "joint declaration on the occasion of the conference in Warsaw", willing to deal with these issues.

Table 2

SOCIAL DIALOGUES - LEVEL AND STAGES

	BEFORE MAASTRICHT NON BINDING CHARACTER <i>Voluntary "Val Duchesse-" Social Dialogue (Par. 139, sec. 1)</i>	AFTER MAASTRICHT BINDING CHARACTER <i>Social Dialogue (Par.136-139) with:</i>
INTER- PROFESSIONAL	<ul style="list-style-type: none"> • High level discussions/summits UNICE - CEEP - ETUC • joint opinions & joint declarations • Commission consults the social partners on an informal basis 	<ul style="list-style-type: none"> • Opportunity to replace proposed legislation by agreements: '95 parental leave, '97 part time work, '99 fixed term contracts • A legal base for the consultation of social partners
SECTORAL	<ul style="list-style-type: none"> • 9 Joint Committees and 11 Informal Working Parties issued more than 100 opinions and (non-binding) recommendations* • Commission consults the social partners on an informal basis 	<ul style="list-style-type: none"> • Opportunity to replace proposed legislation by agreements: '99 maritime sector • A legal base for the consultation of social partners Unified structure since end of '98

* Source: COM (96) 448 final, Annex II; own additions

However, if they will be able to cope with them remains to be seen. In at least some Eastern European countries associations do not exist at all, in others they are fairly weak and unable to fulfil their new, supranational tasks. Any substantive extension of the limited structure of presently existing social dialogues towards more general civil dialogues would prove to be extremely difficult. So far different existing dialogues have been limited:

- To a very small number of European peak associations as officially recognised and, therefore, privileged social partners
- To a relatively narrow range of well defined social policy issues or, to be more precise, to the sub-sets of labour market and industrial relations related issues despite a much broader possible range of arrangements
- To a certain, institutional as well as procedural infrastructure.

The inclusion of other, possibly even competing corporate actors and interlocutors (such as public authorities or non-governmental organisations) would first of all complicate the crucial question of (already heavily contested) representativity. Whose interests should be included and whose could remain excluded at the European level?

Quite frequently, these collective interests are, in contrast to “management and labour”, not very well organised at the national level or at least not in all present and future member countries. This fact creates enormous problems for their representation at the European level. And all optimistic hopes of more or less automatic “spill-overs” from one policy field to others that have been put forward in the last three decades, have just not come true. It has become fairly obvious that accelerated economic integration, including EMU, does not automatically lead to social integration unless specific measures are taken. The political will to do so is, however, not widespread these days.

Furthermore, the inclusion of additional corporate actors would also broaden the scope of already existing, rather heterogeneous interests to a considerable degree. The organisation of political exchanges between private and public corporate actors would be almost impossible. It is no coincidence that “neo-corporatism” as a means of interest mediation does not exist at the European level. Last but not least, a change from trilateralism to multilateralism would make the necessary compliance with possible results even more difficult to achieve and to guarantee because quite different constituencies of differentiated interests, and not only a relatively small number of national affiliates of European peak associations, would have to agree with negotiated agreements.

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All the empirical knowledge described above indicates that negotiated and binding framework agreements would be even more difficult to reach than joint declarations and general recommendations that have no consequences for future actions of the signatory parties (“post-Maastricht” versus “pre-Maastricht” stages of social dialogues in our terminology). Purely voluntary arrangement would not create a sufficient precondition. More heterogeneous interests that extend far beyond mere labour market issues and far into the core of civil society (such as problems of social exclusion or corporate social responsibility) would be extremely difficult to aggregate and to intermediate within the present institutional frame of reference. In other words, existing corporate actors and their closed circles of interest representation will be difficult to transform into new, more open networks for a much broader range of interests. Therefore, it is difficult to see why the broadening of EU competence should lead to a major shift of results.

The protracted history of EU social integration since the late 1950s tells us that comprehensive and voluntary “new social partnerships” at the supranational level would need a long-lasting period for their development - if they could be launched and kept stable at all. The considerable, most recently even widening gap between economic and social integration within the EU will be difficult to bridge, and it is rather likely that EU will become more and more of an economic but less of a social community. That frequently quoted “European social model” is not an existing homogeneous entity but a rather broad description and normative declaration of political intent that contrasts Europe and the Anglo-Saxon countries (and in some cases Japan).

My best personal guess would be that different fundamental and even incremental reforms of continental European welfare states (coping with consequences of demographic changes, viability of different pension systems, among others) will have to take place and to be implemented at the national, regional and local levels. The EU has neither the political power nor the social policy intent to do so. According to traditional, strictly national paths of development different measures can be taken either by contractual agreements (in the Scandinavian countries, among others) or by legal regulation (in Germany, among others) and could lead to comparable results.

This cautious prediction is at least in line with the fact that the focal cornerstones of social policies (such as pension systems or unemployment insurance) have been one of the last domains of member states. In obvious contrast to other policy fields (most recently monetary policy, among others) they have not been willing to shift major parts of their competencies to the European level - and they will continue to preserve their autonomy. There is no such thing as a linear transfer of power from lower to upper levels across policy fields. The "European" impact in social policy will be limited because of this peculiar structure of national power and political competence. Last but not least, it is no coincidence that the vast majority of examples for "new social partnerships" originate from the lower, i.e. local or regional, and not from the supranational level.

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Reforming the welfare state through “old” or “new” social partnerships?

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European societies face major challenges that require the restructuring and adaptation of national welfare regimes and labour relations. In most European countries, the state shares public policy functions with the social partners such as employment regulation and social protection. The social partners can thus play an important role in coordinating policy initiatives and implementing welfare reforms, however, organised interests can also provide obstacles by defending vested interests and blocking changes of the status quo. Even when co-operating and negotiating reforms, the social partners may still pursue rather narrow self-interests, externalising the costs of their actions onto non-participating third parties or the public at large. On the other hand, unilateral action by the state without the consent of the social partners often meets their resistance. The state may lack the legitimacy and implementation capacity to single-handedly carry out reforms in the fields of social and employment policy. Therefore, formal or informal forums for tripartite social dialogue between the government and the social partners facilitate developing a shared understanding of the problems, discussing policy alternatives and their implications, and finding a compromise on a common response. A consensual reform policy not only brings the advantage of policy making that finds common support, social partnership also helps implementing policy, particularly at lower level throughout the labour market in the day-to-day administration of social protection. However, much depends on how inclusive social partnerships are, that is, whether they include not only the interests of the “insiders” (or “old” social partner interests), and to what degree they entail social responsibility, that is, whether they pursue public-regarding and long-term perspectives instead of defending the status quo.

In this essay, I will focus on current efforts to achieve social concertation on social and employment policies between the social partners and the government. Social dialogue between government and social interest groups can take many forms such as corporatist forum institutions, self-governing social insurance administrations, ad hoc round table negotiations or informal political consultation. The main focus of this essay will be on the role the traditional (“old”) social partners’, i.e. the peak associations of employers and trade unions, play in national policy making and implementation in the areas of social and employment policies. However, a consideration of the emerging “new” social partnerships will help to see the current national concertation in perspective. How inclusive are current social concertation or are the “new” social pacts only a remake of the 1970s corporatist deals by the same traditional social partners? I

will argue that today's social pacts and social concertation in general have become more inclusive in scope, dealing with matters other than income policies. There are also recent signs of an opening up of social dialogue to "new" social partners such as community agencies, ethnic groups, social inclusion advocates, and NGOs.

I will discuss five related questions. First, what are the challenges that make the reform of European welfare states necessary and why should this be achieved through negotiations with the social partners? Second, why would governments want to co-operate with the social partners in restructuring the welfare state? Third, why would the social partners have an interest in concertation, especially why do unions and employers play along? Fourth, are there policy specific differences in social partnerships? The cases of pension policy and employment policy will be discussed here as examples of old and new social partnerships respectively. Finally, which role does the state assume in fostering social responsibility by the social partners? And how inclusive are social partnerships in respect to their scope and the diversity of interests?

COMMON CHALLENGES AND DIFFERENT PROBLEM CONSTELLATIONS OF EUROPEAN WELFARE REGIMES

European welfare states face a multitude of challenges posed by global and domestic changes. "Globalisation" has become the catchword to describe increased international competition through internationalisation of trade, production, services, and finances. Europeanisation, in particular the single European market project of 1992 and the European Monetary Union with its stringent Maastricht convergence criteria, increased the pressures for deregulation and financial austerity within the European Union. European governments came thus increasingly under pressure for lower taxes and social security contributions in order to compete internationally while also having to reduce public deficits to meet the Maastricht criteria. These "global" external pressures, however, are mitigated by differences in national institutions and domestic problem constellations.

The ageing of the population is one additional challenge, putting increased pressure on health and pension expenditures. This raises questions about the sustainability of pay-as-you go pension systems as ever fewer working people have to finance the benefits of more and more pensioners (OECD 2000). Further, since the first oil shock in 1973, the labour market situation has become aggravated and led to high mass unemployment, especially the low skilled, people with disabilities, ethnic groups, and young job seekers. Passive labour market policies, in particular labour shedding through early retirement, have also not brought much alleviation but added to social costs and thus further increased the non-wage labour costs problem. Moreover, today's state of public finances, the Maastricht criteria and EU deregulation imperatives set rigorous limits on public employment and led to increased privatisation (or at least marketisation) of public services. The labour market problem and the sustainability of social security systems are thus closely interconnected, making comprehensive co-ordination across policy fields towards a more valuable reform strategy necessary.

These challenges imply major reforms of the current welfare state design. The labour cost problem needs to be tackled not only in respect to wages but also in respect to non-wage labour costs and income taxes driven by social costs. Cutting social benefits and restraining eligibility is not only a policy goal for reasons of fiscal austerity and international competitiveness but also as a response to the reservation wage problems, that is, when social benefits function as a minimum wage floor and are thus a disincentive to work. Increasing pension liabilities and financial instability of pay-as-you-go systems have led to moves toward voluntary private funded insurance. In addition, international organisations, especially the OECD and increasingly also the EU, advocate a shift from passive to active labour market policy and from labour shedding through early retirement to activation measures of the young, older and low-skilled (OECD 2000). However, a reduction or removal of basic income security and increased turn towards private social protection will increase the risk of poverty, and may only raise the costs of means-tested social assistance. The trend towards atypical, temporary or part-time employment as well as the long-term or frequent unemployment spells could further add to problems of social exclusion.

However, European welfare states differ considerably in their systems of social protection and their social partnership traditions. We can therefore expect relatively specific problem constellations, political capacity to change and policy responses from country to country. For the sake of brevity, it should suffice to paint here a rather broad sketch of the three main regimes: the Anglo-Saxon, the Scandinavian and the Continental European regimes. The Anglo-Saxon “liberal” welfare states (Britain and Ireland) have largely tax financed basic security provisions, while relying otherwise on voluntary private protection. They are thus facing a poverty and incentive problem: basic welfare benefits (especially social assistance and unemployment benefits) are considered either as too high, this is, providing a disincentive to work, or they are too low, that is, increasing poverty. There is also a tension between the goal of sufficient (but not too costly) basic pension benefits and of leaving enough incentives for voluntary supplementary private pensions (also at the cost of considerable tax concessions).

The Nordic welfare states also entail universal social rights but these are more generous and reduce poverty more effectively than the British or Irish welfare states (Kautto et al. 1999). With the exception of Denmark and in contrast to the Anglo-Irish model, the Nordic public pension systems include an earnings-related component, which ties middle-class interests to the public scheme. In contrast to these state provided schemes, collectively negotiated supplementary occupational pensions or union-run unemployment funds provide the social partners with some responsibility in these areas. The Nordic welfare model is also based on a full employment goal, which had been facilitated by the expansion of public sector employment (especially through part-time work for women). Yet in the 1990s, increased unemployment and the need to cut high taxes and social benefits have challenged the Nordic welfare model, although recent activation policies and pension reform efforts have led to an improvement in the employment situation and sustainability of pension systems.

In contrast, Continental European welfare states are largely based on social contributions by workers and their employers for which they also gained a role in the self-administration of the social insurance schemes. Since benefits are employment-related, they are relatively generous for the labour market “insiders”, while there is only means-tested social assistance for the “inactive”, leading to social exclusion of the young, the disabled and ethnic groups. Increased demographic shifts towards ageing, excessive use of early retirement and the low employment rate (especially for women) make the relative generous pay-as-you-go pension, disability and pre-retirement insurance unsustainable (OECD 1998). The high unemployment insurance benefits and employment protection regulation for insiders have led to a relatively inflexible labour market and a considerable unemployment problem, especially for low skilled, young, older and disabled workers. The continental dilemma (Scharpf 2001) seems to be the “work without welfare” problem (Esping-Andersen 1996) where high labour costs lead to inactivity which is then buffered by generous social benefits (for unemployment or early retirement) but this in turn puts additional pressure on non-wage labour costs.

FROM SOCIAL PARTNERSHIP TRADITIONS TO THE SOCIAL PACTS OF THE 1990s

The cross-national diversity in social and employment protection not only creates different problem configurations, the regime differences can also lead to different national responses due to variations in social partnership traditions. European welfare states vary in the way in which they share public space (Crouch 1993). The responsibility for wages, employment and social protection are differently distributed between the state, the social partners, and individual employers and workers. While in some welfare states unilateral state intervention into wage bargaining, labour market and social protection is common, it may be the exception in others, where governments consult with social partners or even delegates self-regulative functions to the social partners.

Historically, “social partnership” emerged particularly in countries with Christian-social traditions and adherence to the principle of “subsidiarity”, particularly in Continental (Catholic or religiously mixed) Europe (Kersbergen 1995). Social partnership was meant to signify the co-operative, if not harmonious relationship between employers and unions and their participation in public policy-making and implementation. A prime example is Austria with its statutory participation of the socio-economic Chambers in law making and the multiple formal and informal practices of corporatist deal makings in macro-economic and social policies (Casey and Gold 2000). In addition to national macro-economic steering, co-operative relations were extended to consultation and codetermination at workplace and company level (most prominently in the case of German co-determination). Moreover, the social partners are involved in the self-administration of publicly mandated social insurance or run their own occupational schemes.

Also Scandinavian countries, with their early tradition of “central agreements” and mutual recognition by employers’ associations and trade unions, developed neo-cor-

poratist coordination in income policies. Labour market related policies such as unemployment insurance, job placement, employment protection, and active labour market policies remained first of all matters for the collective bargaining partners with subsequent public support via legislative extension and state subsidies. In contrast, the Anglo-Irish labour relations have been traditionally more decentralised and fragmented and labour markets were less regulated by law or collective agreements. Ireland, a country with very weak corporatist traditions, has nevertheless developed social partnership institutions as the dominant policy coordination process over the last decade (O'Donnell and Thomas 1998), while in the United Kingdom, social partnership has only recently become a policy goal and such partnerships remain largely limited to local initiatives (Nelson and Zadek 2000).

"Social pacts", that is, formal agreements between governments and the social partners have gained a lot of attention over the last decade (Fajertag and Pochet 2000; Regini 2000). The economic turn-around of the Netherlands and Ireland have been claimed on the beneficial effects of social concertation. As part of a strategy of "competitive corporatism" (Rhodes 1997), these national (framework) agreements include as their main part income policies. The social partners pledge a long-term commitment to wage moderation in line with other European competitors, while leaving implementation often to lower levels in the bargaining hierarchy. Collective bargaining, especially where it engages both employers and workers at all levels, plays an important role in "negotiating flexibility" (Ozaki 1999), adjusting labour market regulation to new employment forms. But governments are also hard pressed to control public spending and the high labour cost problem requires not only a moderation of wages but also a lowering of non-wage social costs (Hassel and Ebbinghaus 2000). Thus in addition to income policy, a number of social pacts or less formal agreements dealt with welfare reform, in particular pension policy and labour market policy. Social concertation provides an opportunity for political exchange across policy fields, for instance, unions pledge wage moderation in return for less severe cuts in welfare benefits. Moreover, where these agreements occurred sequentially, as for instance in Italy in the 1990s, they can build up mutual trust and internal institutional capacity created by earlier agreements.

SOCIAL PARTNERSHIP FORUMS AND SELF-ADMINISTRATION

While social pacts are usually ad hoc or irregular forms of social concertation, institutionalised forums for social partnership exchange exist in several Continental European countries. For instance, the Netherlands has two longstanding corporatist forums: the Dutch Social and Economic Council (SER), a statutory tripartite forum for government consultation on social and economic policies, and the Foundation of Labour (STAR), a bipartite organisation that has been crucial in finding a shared understanding between peak employers' associations and unions in recent years. But formal consultative rights in economic and social policy, such as those of the French Social and Economic Council (CES) or the EU's Economic and Social Committee, are not necessarily very proactive or influential policy-makers despite their legal status. In both cases,

the very heterogeneous representation of interests has made consensus finding difficult, while the divisive issues remain to be resolved by parliamentary or governmental fiat. Thus whether existing corporatist institutions can play a role in reform processes depends to a large degree on the ability to find a consensus that goes beyond the status quo interests of both sides, and a policy innovation forum which finds new joint solutions with long-term positive results for all sides.

The new institutions that has been set up as a result of ongoing concertation processes may be more flexible and reflect current problem constellations than old institutional arrangements. A prominent and interesting case is the Irish National Economic and Social Forum (NESF), which was set up after a decade of social concertation. It seeks to include NGOs protecting the interests of the socially excluded in the social dialogue. The Irish government consults with several "rooms": the traditional tripartite deal-making room with the "old" social partners (employers' associations and trade unions), the rooms for business and farmer interest exchanges, and one room for the 'new' social partners: NGOs like community and voluntary organisations (O'Donnell and Thomas 1998). This multi-layered structure allows for "hard" bipartite bargaining on wages between employers and unions, while it allows also "soft" deliberation about social concerns formerly not represented in tripartite income policy discussions.

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The social partners may have ample opportunities for influencing social protection and labour market policies through their consultative role in political decision-making and self-administration in social insurance and public employment services (Reynaud 2000, Mosley et al. 1998). In particular, social partnership relations have also been realised through self-administration of publicly mandated social insurance, collectively negotiated private welfare funds or union-run unemployment schemes. In countries with "Bismarkian" social insurance traditions, the social contributions are shared between insured and employers, and the self-administration is delegated through elected or delegated representatives of both sides. For instance, French union and employer representatives are sitting on hundreds of national, regional and local social insurance funds, providing not only organisational resources for the rather insufficiently funded unions but also employer-union contacts outside the contentious collective bargaining realm (Palier 1997).

While participation in these self-administrative bodies can provide some decision-making power and control over implementation, the degree to which the state can regulate benefits and conditions of social insurance schemes varies across countries, providing more or less "veto" powers to the social partners. For instance in the case of the Dutch and French supplementary occupational pensions, the social partners negotiate and run these schemes, though the state is still intervening through making these schemes compulsory for particular groups or all employees. Also in Nordic countries, the social partners are partly involved in occupational schemes. The unions play a role in the unemployment insurance funds and the labour market policy is managed by the social partners and public authorities. On the other hand, Britain and Ireland's public welfare

schemes as well as the basic income schemes in the Nordic countries or the Netherlands, are administered and controlled solely by the government. Hence, the varying traditions in delegating responsibilities provide the social partners with very different opportunities for blockage or co-operation.

THE STATE'S INTEREST IN SOCIAL CONCERTATION

Why do governments engage in social concertation instead of imposing reforms from above? When social partners have some “veto” power in the political decision-making process, governments may seek to negotiate consensual reform in order to overcome reform blockage (Ebbinghaus and Hassel 2000). Rarely do social partners have real, formal veto power to block legislative projects, but they often have multiple means to influence political decision-making. Besides lobbying common in all pluralist democracies, social partners may seek the support by allied political parties. Especially trade unions (and to a lesser degree employers' associations) as mass membership organisations can claim electoral power through their influence on their members. More immediate pressures on governments are of course mass protest rallies and even strikes. Most spectacular was the French strike wave in 1995 against the proposal on welfare reform, which forced the Conservative government to withdraw its main welfare cuts of public sector pensions.

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A more rational government strategy implies the involvement of the social partners in the (self-) administration of social and employment policies, which avoids implementation problems although it may lead to other problems. For instance, the retrenchment measures of Dutch disability insurance in the late 1980s did not lead to the expected long-term decline in the very high number of early retirement due to counteraction by the social partners that filled the gap created by the governments' welfare cuts (Visser and Hemerijck 1997).

In addition to overcoming political decision-making and implementation problems, negotiated reforms can be beneficial to governments for several reasons. Gaining the consent of the social partners, in particular the unions, may enhance the legitimisation of rather unpopular reforms. In the early 1990s, when Italy was in a political crisis due to corruption scandals, the short-lived weak governments, facing the need to enact unpopular austerity measures to meet the Maastricht criteria for EMU, struck several deals with the trade unions in order to modernise wage bargaining and reform pensions (Regini and Regalia 1997). Through social concertation, the government can share the responsibility for unpopular reforms with the social partners, who will have to defend and sell the deal to their constituencies.

Furthermore, tripartite social concertation can enhance the chances that the social partners take on social responsibility instead of retracting to externalisation strategies driven by unchecked self-interest. This is even more likely to happen if concertation is institutionalised as a continuous process, where social partnership can build on social learning, developing a long-term perspective and building up mutual trust.

Finally, the involvement of social partners provides important information to governments on the preferences of the actors affected by public policies. The exchange of arguments on a reform proposal can point governments to possible implementation problems and alternative strategies that may not have been considered otherwise. Deliberation helps not only to provide the government with information about the on-the-ground impact of a decision but it can - where social partners themselves have democratic legitimacy and use deliberative processes for internal decision-making - enhance the popular support and legitimation of reforms.

UNIONS' INTEREST IN SOCIAL CONCERTATION

Why are unions willing to co-ordinate with public authorities and employers on public policies? Why would unions enter social pacts that entail cuts in social benefits, which affect their membership negatively? In the past, during the phase of welfare state expansion and economic growth, trade unions could expect to receive some social benefits in return for wage moderation agreed in corporatist income policies. Today, side payments are much more difficult to obtain given the severe limits to welfare state expenditure and the pressures for fiscal austerity. Nevertheless, organised labour may receive some concessions from the state in form of tax cuts (e.g. reduction in income taxes for low income groups) and cost-neutral social rights (e.g. better employment protection for atypical workers) that do not increase public expenditure (they can still be tax expenditures for the state or raise labour costs for employers). Moreover, by negotiating more gradual, moderate, and buffered transitions or partial exemptions from cuts in benefits, union leaders may be more successful in defending the interests of their core membership and circumventing unilateral retrenchment. For instance, the Italian pension reform of 1995 had transitional "grandfather" clauses, which made the reform less severe for older workers and exempted current pensioners, though at the expense of the current younger and future generations. To the degree that concertation is based on such side payments or concessions to vested interests, social partnership seems still to be like the "old" politics of political exchange of the 1970s.

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Yet union leaders may also adopt more long-term and public-regarding interests. When unions are national encompassing organisations that cannot escape the negative externalities of their own actions and become aware of the need for a sustainable long-term strategy, they may renounce from the short-term particularistic interests of their core membership and endorse reforms that in the long run will be beneficial for the economy and society at large. In the past, passive labour market policies of extending long-term unemployment benefits and shedding labour by early retirement had aggravated the "welfare without work" problem, which it was supposed to alleviate. Overcoming this "impasse" by moving towards employment-friendly welfare policies, which retain workers longer in employment will have positive long-term consequences for the sustainability of welfare policies. However, such a policy shift would also entail immediate consequences for current older workers who would hardly profit from the long-term positive labour market effects but be treated less favourably than their col-

leagues who had just retired a few years earlier. Therefore, such a policy turn requires considerable solidarity and general interest consideration on the side of unions, especially given the overrepresentation of older workers (Ebbinghaus and Visser 2000).

Similarly, activation and social inclusion measures that seek to expand employment and bring younger, long-term or older job-less into employment require the solidarity of insiders with the outsiders of the labour market. Union leaders may also agree to welfare restructuration turning 'vice into virtue' (Levy 1999); social programmes that were initially meant to alleviate poverty has often turned into generous middle class benefits from which the socially excluded have hardly profited, thus by targeting these programmes they may use more effectively public resources in pursuing solidaristic goals.

But there are also organisational self-interests that could add to the advantages of concertation for trade unions (and similarly for employers' associations). Unions could receive as a side payment 'union securities', that is, organisational guarantees that provide legitimation, financial resources or selective incentives for membership (Olson 1965). For instance, a reform of the works council law may provide better opportunities to unions to extend works councils to non-organised workplaces and thus facilitate membership recruitment and strengthen the power of unions throughout the economy. Recently, the government proposed to reform the German works council law after the unions had given their consent to a cut in pension benefits and the introduction of voluntary private pensions.

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Union leaders may also seize the opportunity to make up for lost power in the collective bargaining and the political realm by regaining corporatist involvement through entering concertation on welfare reforms. For instance, Dutch unions agreed to a national deal on wage moderation with employers already in 1982 when they faced a stalemate in old corporatist institutions, a rapid decline in union membership and decentralisation in collective bargaining (Visser and Hemerijck 1997). For similar reasons, union leaders may seek to enlarge their role in the domain of social policy and provide an additional rationale for their existence, especially as their hands are bound by wage moderation deals in the collective bargaining area. For instance, German union leaders, who had long supported the dominant role of the public pension scheme, are now seeing an opportunity to collectively negotiate the new voluntary pension schemes.

EMPLOYERS' INTEREST IN SOCIAL CONCERTATION

Turning to employers, we find some similar political and organisational reasons as in trade unions, though there are also differences in substance and strategy given their different membership base. Similar to the 'old' interest politics of trade unions, employer associations may be willing to enter corporatist bargaining for reasons that serve primarily their immediate self-interests. As in collective bargaining, they may be willing to make concessions to trade unions or the state within the context of a natio-

nal social pact in return for receiving agreements on matters that are important to them. Thus Dutch employers were willing to negotiate a package deal in which they offered a reduction in working hours in return for a commitment to wage moderation by the unions (Visser and Hemerijck 1997).

Employers' organisations may also gain concessions from the state for their acceptance of welfare reforms. For instance, the German employers' associations had first opposed the Kohl government's plan for a long-term care insurance based on parity financing by workers and employers, but then received compensation from the state by the abolishment of one public holiday. However, when employers perceive that the concessions granted to the trade unions by the government are putting extra burdens on business they might oppose such an agreement. For instance, French and Italian employers opposed the 35 working hours' legislation that was promised by their centre-left governments to unions in return for support of welfare reforms in the mid-1990s.

But entering social partnership may not only be made acceptable by immediate compensation as in 'old' corporatist politics but can also be rational for employers in respect to general, less quantifiable and long-term goals. Social partnership can facilitate a socially acceptable restructuration of the economy in general and especially at the workplace level. Thus the use of early retirement pathways has often been the jointly agreed way to smooth the downsizing and restructuration of companies, which face international competition and technological change (Naschold and de Vroom 1994). The potential costs of social conflict over management-imposed restructuration without the consent of the workplace representatives and trade unions might indeed exceed the possible costs of making concessions as part of a bipartite or tripartite agreement. Although employers often call for more radical welfare retrenchment than governments are willing or able to deliver, co-operation in tripartite concertation can still be in the long-term interests of business. They may not want to leave the government alone with union demands, even though through its co-operation the employers may support a government that is not the politically preferred one.

Finally, leaders of employers' associations may have organisational self-interests to enter concertation on matters beyond mere wage bargaining. For instance, Scandinavian peak employers' associations have traditionally played an important role in negotiating central agreements. The increased decentralisation of collective bargaining to the sectoral and local level could provide a reason to seek a new role in national social policy making for employers' organisations. Although employers may be more reluctant to agree to take on a social partnership role in social policy, this has still occurred at times when they were seeking to limit state influence or produce some collective goods that would not be possible by mere voluntary occupational benefits. For instance, since the French state had not mandated public unemployment insurance, employers and trade unions negotiated their own self-administered schemes that only later became mandated, regulated and partly subsidised by the state. As occupational welfare programmes by companies has become widespread and thus less attractive

for poaching skilled workers, these employers may seek a collectively negotiated or mandated scheme to level the playing field in non-wage social costs given increased competition.

To the degree that the development of human capital has become a major concern for companies, and not only of the 'new economy', social partnership can enhance skills by co-ordinating general education and vocational training efforts (Crouch et al. 1999). The deliberative functions of social partnership also allow employers to gain better access to information about their workforce, and enhance better relations, trust and long-term orientation among their employee 'stakeholders'.

SOCIAL PARTNERSHIPS AND PENSION REFORMS

Social concertation plays an important role in pension reforms where public policy is traditionally shared or governments do not have the capacity to push through unilateral reforms given union opposition. The most prominent example of a 'social pact' on welfare state reform is the Italian pension agreement by the centre-left government with the major three union confederations in 1995, while the employers abstained from it (Regini and Regalia 1997). The Italian pensions were one of the most expensive and generous in Europe, having contributed substantially to Italy's huge public debt. Facing the severe Maastricht criteria for European Monetary Union, several Italian governments had attempted to reform pensions in the early 1990s. The unilateral plans of welfare retrenchment by the conservative Berlusconi government led to widespread protest and strikes called by the Italian unions (which have also substantial membership among pensioners), and the government coalition broke apart in 1994. The incoming centre-left government was then willing to negotiate with the unions since it needed both political and social consensus on pension reform. The negotiated reform was a compromise that brought some limited immediate relief and phased-in long-term cuts and systemic changes.

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Such a concerted reform seems rather unique, it happened in midst of a severe economic and political crisis, it built upon political learning about failed unilateral reforms, and the union leaders took upon themselves the responsibility for solving a public crisis and selling the deal to their membership (putting it through an internal referendum). Such long-ranged social pacts on systemic welfare reform are rather the exception, in Italy and elsewhere. Nevertheless, concertation with the social partners over welfare reform does occur, be it through institutionalised or more informal consultation.

The Swedish pension reform of 1999 may serve as an example. After a decade of advisory commissions with social partner participation, the issue of reform had been on the agenda for a long time, but it was only the final compromise which was hammered out by the main governing and opposition parties in 1994 that brought the final agreement (Wadensjö 2000). There were later changes to accommodate the criticism by unions, and especially the Social-democratic party, given its ties to the

blue-collar unions, was receptive for their concerns, while the white-collar unions remained unheard in their opposition to a change in the calculation of benefits unfavourable to their membership. Thus while the final political compromise was largely in the hands of politicians, the social partners were still able to influence through offering not to block the reforms.

Despite the long-standing social partnership traditions and the success of the “polder model” of concertation, the Dutch welfare reform proved very difficult to reach, i.e. to overcome the social partners’ internal agreement to externalise social costs on to the public. Early retirement had become a major route for employers and trade unions to allow restructuration and reduce labour supply over the 1970s and 1980s. Disability pensions had increased dramatically to nearly a million claimants largely due to the granting of such pension to unemployed older workers with partial disability. Despite cuts in benefits in the 1980s, the situation aggravated again. The government pushed through further retrenchment in 1991, despite the massive protest by trade unions (and with severe electoral punishment in 1994), though still not achieving a substantial turnaround.

“As long as the social partners were in control of the self-administration of social insurance and voluntary schemes, and counteracted the public-regarding intention of welfare reform policies by rent-seeking externalisation strategies, no solution to the crisis could be expected” (Visser and Hemerijck 1997). After a report on miss-management by the social partners, the new left-liberal government imposed a governance reform that abolished the self-administration of the sectoral social insurance boards and replaced them by a tripartite control board and privatised implementation agencies in the mid-1990s. Here it was state intervention that had to bring “responsibility” back into self-regulative social partnerships and to restructure the governance of social insurance in such a way so the social partners together with the government could set the policy goals but the implementation was delegated to less partisan agencies and could be independently monitored.

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SOCIAL PARTNERSHIPS AND EMPLOYMENT POLICIES AGAINST SOCIAL EXCLUSION

Social concertation over employment policy is more common and also involves lower levels as opposed to most social policy reforms. This is partly due to the fact that employment policy touches more directly the interests of both collective bargaining partners, while only some aspects of welfare reform have an immediate impact for employers and workers. An interesting comparison between the difficulties of concerted action in social policy and the successes in employment policies is the Netherlands.

In contrast to their immobility in social policy matters, the Dutch social partners played a more constructive role in employment policy (Hemerijck et al. 2000). Within the Foundation of Labour they negotiated an agreement on “Flexibility and Security” in 1996, which was enacted by parliament without alteration only a year after that the

government had reduced the social partners' statutory role in social policy consultation. The "flexicurity" agreement entailed a compromise between the employment protection ("security") interest of atypical workers with temporary contracts and the 'flexibility' interests of employers in minimising regulation for such contracts. Likewise, inclusion of ethnic minorities and enhancing "employability" of less skilled workers has been discussed in the social partnership forums, while implementation remains a matter for social partnerships at company or local level.

The Irish social partnerships over the last two decades also indicates that the national concertation process can become more open and inclusive not only in respect to the interests that are heard but also the issues that are dealt with. Initially started as an economic development and income policy forum in 1987, the three year Programme for National Recovery combined wage restraint and tax cuts, but increasingly social action programmes became part of the multi-year agreements, including training, job creation, and poverty reduction. Following the foundation of the NESF, the 'social pillar' (representing the interests of women, younger job-seekers, the unemployed, the disabled, and elderly people) received full negotiating status in 1996, though income policy remains the exclusive matter of the 'old' social partners. In addition to the general pay and tax provision, The Partnership 2000 for Inclusion, Employment and Competitiveness (1997-2001) includes social inclusion programmes:

- National Anti-Poverty Strategy
- Reforms of tax and welfare (to improve the incentives for and reward from work)
- An expansion of targeted employment measures
- Further measures to address educational disadvantage
- Consolidation of the local partnership approach to both economic and social development.

The community and voluntary sector were actively engaged in the wider range of task forces and working groups put in place to design and implement the anti-poverty strategy (O'Donnell and O'Reardon 2000).

Labour market policy in the Nordic countries is largely a tripartite affair though (with the exception of Norway) unemployment insurance is union controlled and state subsidised. Cuts in unemployment insurance remained only a first ad hoc measure when unemployment soared in the early 1990s, particularly in Sweden and Finland. More importantly have been moves to reform labour market policy putting an emphasis on "activation" measures: qualifying unemployed workers, creating subsidised employment opportunities, and requiring benefit recipients to active job search and (re)training.

An interesting case is the Danish governments' invitation to a "tripartite forum" in August 1998, following the exceptional state intervention into the contentious collective bargaining round earlier that year. It states the purpose of such joint concertation well: 'Government emphasises that the continuous dialogue shall be developed into a

common understanding about the development of the competitiveness in Denmark, which can contribute to a better employment and a positive development of the real wages of the employees (Arbejdsministeriet, cit. in Lind 2000). While the peak organisations of employers and labour subsequently agreed on further activation measures, reform of early retirement pay, and changes in unemployment benefits, there were also internal conflicts within the labour movement. The reorientation of labour market policy towards activation has not only been dealt with at the national peak level, on the initiative of the Danish Social Ministry in 1994, a campaign "Our Common Concern: the social commitment of companies" was launched that fostered co-operation between private companies and public authorities at national, regional and local level to combat social exclusion and joblessness.

The implementation of active labour market policies has always required decentralised public agencies, but these are now part of a web of private-public partnerships between public and private placement agencies, municipalities and local companies. While the reliance on functional and territorial subsidiarity has advantages for mobilisation, information and implementation, unequal execution of, or even diversion from, the given objectives occur. The implementation process and realisation of objectives needs then to be monitored and evaluated for future improvement. European Employment Guidelines and National Action Plans have indeed institutionalised such an approach within the European Union (see Keller, this volume). The recent European Council meeting in Stockholm (March 2001), has set ambitious employment rate targets for National Action Plans, called for active labour market policies to fight social exclusion, further study of the future sustainability of pension systems, and encouraged the promotion of corporate social responsibility.

CONCLUSION: TOWARDS NEW SOCIAL PARTNERSHIPS?

The renaissance of social pacts has shown that traditions of neo-corporatist income policies have not been eradicated by the move towards more decentralisation and flexibility since the 1980s but has evolved into "competitive corporatism" involving partnerships at national and lower levels. In some cases, social concertation has emerged in countries with no corporatist legacy or after years of corporatist immobility. Outstanding examples are the Dutch revival of social corporatism since the 1980s, Ireland's newly founded 'national partnerships' since the late 1980s, Italy's striking deals in the 1990s and Denmark's recent local partnership initiatives. While social pacts have at their core income policies in response to the pressures of an international economy, social concertation encompasses today a larger agenda, including pension reform to reverse costly early retirement and active employment policies to combat social exclusion.

Welfare state reform involves an adaptation of social and employment policies for combating poverty and social exclusion. In contrast to pension reform, the new employment policy, especially concerning activation and social inclusion measures requires public-private partnerships of local public authorities (local employment agen-

cies and municipal social assistance administration) and private actors (employers, works councils, community groups). These “new” social partnerships incorporate the interests of the “outsiders” of the labour market and the socially excluded: young job-seekers, the disabled, one-parent families, ethnic minorities, the long-term unemployed, the unskilled, and atypical workers. These new social partnerships take a more decentralised, unstructured and open form with their main functions being deliberation and exploring alternative solutions to social problems. The interests of the young and unemployed are often not adequately taken into consideration when peak associations of labour and employers strike deals with governments on social policy reforms. Here the government must play the part of pushing the public interest perspective and include the voices of the labour market “outsiders” and social minorities.

The brief overview in this essay has indicated some policy-specific differences in social partnerships: income and pension politics tend to be more “old” social partnerships seeking political compromises between the traditional social partners and the national government, while employment and social policies against social exclusion are more inclusive, decentralised and open ended. But there seem also to be some regime-specific clustering as welfare states have not only different social partnership traditions but also specific problem loads.

- The Anglo-Irish liberal welfare states with their reliance on relatively low basic social security and reliance on self-help through employment face in particular the problem of the working poor and community problems caused by regional employment deficits. While there is not much social concertation on social security reforms, local new social partnerships have emerged to solve community problems of social exclusion and poverty in recent years.
- In the case of Nordic universal welfare states, where social partners have institutionalised influence on social and, in particular, employment policy, poverty and social exclusion has been less severe. However, in order to regain full employment, “new” social partnerships can provide an important role in local activation policies of the unemployed and integration measures to keep older and disabled workers in employment.
- Finally, the dominance of the “old” type of social partnership is dominant in Continental European welfare states. This is less surprising, given the importance of employment-related benefits and contributions as well as the institutionalised role the old social partners enjoy. Here the government assumes an important responsibility in ensuring social inclusiveness in welfare reform negotiations. Thus far, new social partnership initiatives to combat social exclusion are still relatively uncommon in Continental Europe and are often still induced by national actors or even following top-down EU initiatives like the European Employment Guidelines.

Indeed, neither old nor new social partnerships exist without ado from public actors, be it national governments or local authorities. From time to time it is the potential and credible threat of state intervention that gives the social partners a good reason to strike a bipartite deal in order to pre-empt state action. The government may also use

the threat of intervention as a bargaining chip in negotiating reforms. Yet when state intervention is unlikely the social partners might not even be willing to enter a political exchange with the government. Also in social policy matters, governments have not always the means to intervene, especially in the case of voluntary occupational welfare schemes. On the other hand, frequent and substantial state intervention may also have negative effects on the social partners' capacity to develop consensual partnership in both the wage bargaining and social policy areas. The French case is a telling example of the detrimental effect of too much state intervention, thus legislation in favour of local union bargaining has weakened central trade unions in the 1980s. Also the recently imposed legislation on 35hrs working week, which was to be implemented through negotiations by the social partners, had spilled over negatively into social policy governance: the French employers threatened to withdraw from the self-administration of social insurance.

One way to balance the vested interests of the old social partners is opening up social concertation and bringing in "outsider" interests. The Irish NESF is a good example for such social inclusion at the national level, but many local new partnership initiatives are also departing from traditional social partnership layouts (Nelson and Zadek 2000). Bringing in advocates of outsider interests helps counterbalance the tendency of the old social partners to pursue their mere particularist self-interests and collude in externalising social costs on to others. The state can also have an important role in bringing in the long-term and public-regarding perspective by changing the governance structure in social insurance administration. Where social insurance and employment policy has been left solely to the collective bargaining partners, state intervention might be necessary to reintroduce public interests. The negative Dutch experience with the social insurance self-administration is an example of the problems of delegating public functions to the social partners without appropriate institutional checks that enforce social responsibility. Here tripartite governance structure may not only open up the interests groups that are heard but also allow more public-regarding consensus finding.

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For the national peak associations, the new social partnerships between companies, local agencies, NGOs, community and other non-profit organisations may provide some challenge to their top-down hierarchical logic of interest representation. But the new social partnership can also provide more decentralised bottom-up deliberation, grass-root democratic legitimisation, and top-down implementation of policies negotiated in framework agreements. The sub-national organisations and open networks provide important information on concrete implementation problems as well as "best practices" from which national actors can learn. They may also be important in making national policies known and accepted.

In the social policy area, not the national associations but the local actors have more information about such matters as early retirement practices of particular firms or the specific poverty problems in urban vis-à-vis rural areas. Thus the "old" social partners at national level may indeed need local level "new" social partnerships not only for a

more flexible implementation but also as a source of local knowledge, experimentation with alternative policies, and a source for legitimisation.

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COMMENT

Marie-Louise Knuppert, Federal Secretary, LO
The Danish Confederation of Trade Unions

A NEW SOCIAL DEAL

In the future, even more than now, the two most important factors in terms of getting and keeping a job will be a good health and good qualifications. In the years to come we are therefore facing a number of important choices that will determine who will be active on the labour market.

A socially more inclusive labour market means holding on to the people who risk being excluded. It is about making room for those who are already excluded. And it is about preventing work injuries, attrition and sickness.

The last five years have seen the initiation of a process of social dialogue, promoted by both the Danish government and the social partners, where human aspects are weighted on a par with economic aspects.

Growing requirements as regards the knowledge and adaptability of employees in the future entail increased risk of marginalisation. That is an unfortunate and very expensive consequence. Both in economic and human terms.

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In order to stop this development our welfare society has to change towards a welfare society where more people assume joint responsibility.

The demand for change is driven by the recognition that our traditional welfare state model, where the state alone holds the responsibility, is insufficient to secure long-term welfare. There is a need to broaden the concept and to make the social partners co-responsible at all levels. Ranging from the European and national level to the plant and company level.

With the social chapters the social partners have signalled their willingness to take on this task. In all of the collective agreements in Denmark, special provisions are included concerning access to agree on special wage and working time conditions. These are the so-called social chapters. With the social chapters the social partners have set up a new social policy framework, i.e. the collective agreement framework.

But co-responsibility cannot stand alone. It has to be combined with co-influence. Therefore we stress the importance of the social dialogue and the need for a new social deal.

COMMENT

Tina Voldby, Assistant Director for Labour Force Policies, DA
Danish Employers Confederation

NEW CHALLENGES AND NEW ROLES FOR THE SOCIAL PARTNERS

Denmark has a long tradition of close involvement by the social partners in the formulation of all areas of politics, which - in one way or the other - are related to the labour market. Today, this has resulted in a system, where the social partners in many respects play an active and important role in the implementation of the policy and are constantly involved in a close co-operation with politicians and public authorities.

Because the social partners have been involved in formulating the policies we also feel responsible for making them a success. The employers for instance have to take a direct responsibility but are also given considerable amount of influence on policymaking. In these years, profound changes are taking place in the way the labour market traditionally has been working. Danish industry and business are met with increasing demands due to the development in globalisation, new technology and much faster changes in the competencies necessary to stay competitive. These challenges are enhanced by the fact, that Denmark within a few years will risk becoming short of the necessary labour.

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All of this calls for new ways of cooperation between politicians, public authorities and social partners, which may contribute to make sure, that we in the future can stay productive and competitive.

One of the new Danish areas of cooperation, which hopefully will help to achieve this goal, is a concept, which we call "a more inclusive labour market". The more inclusive labour market, which we have defined together with the government, the trade unions and the local authorities, is a labour market where we can make and intend to make use of all the capacity for work that exist in the Danish society - but aren't currently being used - for instance among the large group of people receiving social assistance.

In this discussion, we have stressed the importance of finding ways to increase the qualifications and increase the motivation of people that are facing the risk of being marginalized - or already are marginalized from the labour market either because they are ill or have been unemployed for a long time.

We are convinced, that a close coordination between the traditional labour market policy and the policies aimed at reducing social exclusion will prove very fruitful in this area. We are convinced, that active labour market participation is the best social protection and that employment is one of the most effective ways to reduce a wide range of the many problems, related to social exclusion.

One example is the new reform of the social pensions system, which in a number of ways changes the trends of the traditional Danish social policy and increases the con-

nection between the social policy and the labour market. We find, that this reform marks a very important and very positive step towards reducing the exclusion from the labour market.

Another important example is the setting up of “social co-ordination committees” at the municipality-level. These Committees formulate concrete policies for making the inclusive labour market a reality. In this forum, the employers together with the trade unions and the public authorities determines what needs to be done at local level to activate all existing work capacity.

Through these and others examples, I hope to have made it clear, that we as social partners feel, that our roles are changing in these years. But the result of these changes should not be a decrease in involvement and cooperation with the politicians. On the contrary, new challenges calls for new and in many respects increased ways of co-operation.

COMMENT

Thérèse de Liedekerke, Director, Social Affairs, UNICE
Union of Industrial and Employers’ Confederations of Europe

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NEW SOCIAL PARTNERSHIPS’

Europe’s industrial relations systems are all undergoing profound changes due to:

- Globalisation, introduction of new technologies, demographic change, and individualisation of workers’ life styles
- The increased competencies of the European level to legislate on issues which are normally subject to negotiations between social partners
- The influence of European employment guidelines on the agenda of national social partners.

In some Member States there is a clear trend towards the decentralisation of negotiations. Whereas in others, wages and working conditions are negotiated at multi-company level. This often takes the form of defining broad frameworks leaving substantial room for flexible arrangements at the level of individual enterprises. This co-exists with direct participation by the individual and face to face negotiations between employer and employee to determine the terms and conditions of employment contracts. While traditional subjects, such as wage formation, remain at the heart of collective bargaining, these broad packages increasingly include employability and flexibility objectives.

New and diversified forms of partnerships emerge. They range from concertation between public authorities and social partners, alliances between social partners and lo-

cal authorities to find solutions to specific problems encountered in the community, joint projects involving companies and NGOs at local level, partnership projects between business and education organisations, etc. But collective bargaining remains a specific feature of the social dialogue in European countries and distinguishes the social partners from other players.

In parallel with the process of European integration, European social policy and social dialogue at European level have developed gradually. European employers have demonstrated their willingness and capability to contribute to shaping European social policy by concluding several framework agreements at European level. But the role of social partners at EU level should not be restricted only to negotiating legally binding agreements. European social partners also play a useful role when they express joint views or make joint recommendations on European level policies to promote employment, organise exchanges of experiences on social partner's initiatives in the Member States, or simply have open discussions which allow to identify convergences and divergences of opinions between employers and workers representatives on policy issues which affect them.

The social dialogue in Europe and at European level needs to evolve in order to meet the challenges facing European companies and workers. It will co-exist with other forms of partnerships. The result of social partners negotiations will change but collective agreements will remain an important feature of industrial relations in Member States and social partners will continue to bring a unique contribution to governance both at EU level and in members states.

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COMMENT

Emilio Gabaglio, Secretary General, ETUC
European Trade Union Confederation

STRENGTHENING AND DEEPENING THE SOCIAL DIALOGUE

For years now we have been faced with the neo-liberal critique that European labour markets are not flexible enough, workers' rights a cause of uncompetitiveness, and the trade unions an obstacle to innovation that block necessary reforms. A sober look at Europe as an industrial production location, however, reveals a very different picture. In international comparative terms, Europe has a skilled labour force, an effective infrastructure, still-functioning social security systems and consensual labour relations. All these are important elements of the European social model that constitute a productive resource and bolster the competitiveness of European firms. Against the background of far-reaching social and economic structural change, trade unions have always recognised the need for reform. Yet reforms must not be confused with deregulation and social dumping. Reforms that help improve our social model and strengthen

competitiveness must combine economic efficiency and social security, if Europe is to become the most competitive and dynamic knowledge-based economic area in the world (Lisbon strategy).

The social dialogue at plant and company level, as well as at national and European level, is a part of corporate culture in Europe and the basis for the success of its social model. At different levels, the European trade unions have made important contributions, proving that they do not merely represent the interests of those with a job, but rather pursue a strategy oriented towards the 'common good', one that is helping overcome Europe's no. 1 problem - mass unemployment. Measures to maintain employment and create jobs have been included in countless plant-level and multi-employer collective agreements. Social pacts have been signed at national level that lead to improvements in the labour market situation and promote competitiveness. As part of European-level social dialogue, a number of important framework agreements have been reached, helping to modernise labour markets by providing social security for new, often atypical employment relations, and preventing discrimination of such workers vis-à-vis those with standard employment contracts.

Further progress must be made down this path if the European social model is to be strengthened as a reference point for other regions of the world in international competition. European social partner agreements constitute a path that must be taken to arrive at new destinations: framework agreements on telework and life-long learning are two examples that could make a substantial contribution to modernising our labour markets. Yet it is also necessary to strengthen and deepen social dialogue at the sectoral level. Ultimately this means the ongoing development of a European system of industrial relations. To this end we need effective employer associations willing to negotiate at all levels. Then we will be able successfully to pursue the European development path, based on high skills, high quality and high wages.

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COMMENT

Annelie Stark, President of Commission 6 of the Committee of the Regions
The Committee of the Regions is the newest of EU's institutions: created by the Treaty on European Union (the Maastricht Treaty). Its 222 members represent local and regional authorities within the EU system, and must be consulted on most proposals for EU legislation affecting regions and local authorities

THE IMPORTANCE OF NEW FORMS OF SOCIAL PARTNERSHIPS IN THE NEW ECONOMY - "ACTING LOCALLY FOR EMPLOYMENT" AS AN EXAMPLE

The European Union's goal for its role in the new economy is an ambitious one. According to the conclusions from the Lisbon Summit the EU must "become the world's most competitive and dynamic knowledge-driven economy in the world capable of

sustainable economic growth with more and better jobs and greater social cohesion". The following two European Council meetings (Nice and Stockholm) have set further objectives and measures to tackle social exclusion. In other words, to ensure that every group in society is given a chance to live up to the high demands for skills in the new economy. Or, alternatively, that jobs will also be created for the group with reduced ability to work.

Strategies set on European level are warmly welcomed by the Committee of the Regions, but we must not forget that the issues at stake here are new jobs and new pathways to lead unemployed persons back into work. And even though strategies and support mechanisms can be set up at EU-level the task must be done at local and regional level. Here is an important role to play for new forms of partnerships, and for local and regional authorities. Cities and regions can act as initiators on the background of their long tradition of cooperation not only with the social partners but also with the local businesses, civil society and the education sector.

The development of EU's employment policy since 1997 shows how new partnerships can be established on different levels and how they can reinforce each other. At EU-level the employment policy has been created in cooperation with the European social partners (UNICE, CEEP and ETUC). But the Commission has also been listening to input from the Committee of the Regions, concerning the crucial role of local and regional authorities and other actors at this level as catalysts in creating sustainable employment through their knowledge of the specific regional economic situation. The result has been that partnerships between all actors at the local level are specifically mentioned in the Guidelines for 2001 National Employment Plans.

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The EU-campaign "Acting Locally for Employment", proposed by the Committee of the Regions and the Conference of European Municipalities and Regions, and the connected pilot actions focus on dialogue and development of partnerships as well as on exchange of best practices in the EU on the subject.

The Committee of the Regions has thus actively and consistently advocated the creation of efficient partnerships between all social, economic and political bodies at local and regional levels to ensure a labour market for all. Local and regional authorities can not lift this burden alone. But they can act as initiators for new forms of partnerships to ensure that all actors, social partners, civil society, local businesses and the education sector work together for an inclusive labour market.

That is what we need if we are to meet the ambitious goals from the Lisbon Summit.

COMMENT

Muneto Ozaki, Director for Research and Policy Development, ILO
International Labour Office

SOCIAL PARTNERSHIPS IN EUROPE - THE ROLE OF THE SOCIAL PARTNERS

Although social partnership is regarded by some as an elusive concept, with a variety of ideological connotations, the ILO strongly upholds the principle and practice of social partnership, in all its multifarious aspects, and works for the recognition of its values in the member States.

Social partnership represents both old and new ideals for the ILO. On the one hand, social partnership implies the recognition of the need to associate workers with decision-making concerning issues related to the workplace or working life. It also implies the involvement of employers and workers, through their respective organizations, in governmental policy-making on social and economic issues. Both of them represent ideals that the ILO has been pursuing since its foundation for more than three quarters of a century.

On the other hand, in its newer forms, social partnership implies the replacement of an adversarial relationship among the actors in industrial relations by a more cooperative relationship, based on mutual trust and the appreciation of each others' concerns and objectives, as well as on the recognition that cooperation produces benefits for both parties. This trend reflects changes taking place in the economic environment surrounding industrial relations throughout the world, among other things the intensification of inter-firm competition on globalized markets. It is clear that cooperation among social actors is more conducive to enhanced competitiveness than an adversarial relationship. The ILO supports this trend towards a less adversarial and more cooperative industrial relations environment, and supports the role which social partnership plays in achieving this.

However, the ILO's work in promoting social partnership is confronted with several challenges. One is the changing nature of employment relations that can be observed today throughout the world. Economic globalization and the spread of information technology at the workplace have led to the erosion of the traditional concept of the work and employment relationship. This has seriously affected the representational effectiveness of the traditional social partners. A big challenge confronting the parties to social partnership and the ILO is how to ensure that the interests and views of various groups of people in society, who are currently outside the scope of social partnership, can be included in its process.

The need to involve a wider range of interests in society in the process of social partnership also emerges from the widening range of issues dealt with today by social partnership in an increasing number of countries. As the introduction to this anthology points out, negotiations between the social partners are often not confined to the core labour market issues, but rather tend to extend over such areas as general educa-

tion and environmental issues. The traditional social partners are often insufficiently equipped to deal effectively with all these issues. Hence the need to involve other actors.

Another serious challenge confronting the ILO lies in the low level of acceptance of the concept of social partnership among many of its member States. Social partnership is a widely accepted concept and practice in Europe. However, in many countries outside Europe, in particular in the developing world, it is still a concept that receives, at best, lukewarm support from the government. Therefore, the ILO undertakes intensive advocacy activities aimed at convincing the member States of the merits of involving social partners in policy-making processes. This is done for example, through the dissemination of information on good-practice cases, among its constituents.

The ILO is determined to meet these challenges with its constituents, with a view to developing effective social partnerships throughout the world. In the ILO, we believe that social partnership and social dialogue are not only values to be upheld on their own, but also effective instruments for enhancing peoples' well-being and developing national economies. If conducted judiciously, they will be beneficial to all members of society, beyond the circle of those parties directly involved in them.

FROM COLLECTIVE BARGAINING TO
SOCIAL PARTNERSHIPS: NEW ROLES OF
THE SOCIAL PARTNERS IN EUROPE

European heads of states have set the vision of a Europe that is not only the most competitive and dynamic but also the most socially inclusive society in the world. The social partners play a decisive role for this to come true. But how do employers' associations and trade unions across Europe respond to the challenges they face? In this volume five leading thinkers offer each their distinct perspective on a development that will influence labour market and social policy profoundly in the years to come. These perspectives are commented by representatives of six central actors at the national and the European scene.



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