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International

Crisis-induced social conflicts in the European Union – trade union perspectives: the emergence of ‘crisis corporatism’ or the failure of corporatist arrangements?’¹

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ABSTRACT

This paper aims to explore the role of labour and trade unions in the repeated shifts of crisis phenomena over the past years. It addresses the question why, confronted with the very profoundness of the crisis, they have failed to develop politically relevant and socially progressive strategies so far. The presented argument not only refers to structural power relations but in particular to the political struggles and processes in which more far-reaching ambitions have been knocked into shape. In that context, the focus is above all on economic stimulus packages, financial market regulation, and current budget consolidation.

The paper will be organised as follows: It will start with some general problems of trade unions in generating sufficient power and organisational capacities against the background of the unfolding crisis within the European Union (EU). The next section empirically highlights these developments by discussing the cases of Germany, France, and Spain. The paper then concludes highlighting common challenges and chances, but also the difficulties to form new progressive European alliances.

KEYWORDS

Crisis corporatism, euro crisis, European Union, social crisis, trade unions.

1. Introduction

Six years have passed since the outbreak of the so-called subprime crisis in the US. Like a chameleon taking different colours, the crisis, particularly in Europe, took different shapes embodying an extension of crisis phenomena. That is, the subprime crisis became a global financial crisis, before turning into a sovereign debt and euro crisis, and also increasingly into a deep social and democratic crisis. Rising unemployment, skyrocketing youth unemployment, cuts in welfare and public infrastructure and spreading poverty are the meanwhile well-known facets of social crisis tendencies. At least partly, these developments have also nourished a new wave of protest, strikes and other forms of resistance (Schmalz and Weinmann, 2013) so that the International Labour Organization (2013: 14) identified sharp ‘increases in the risk of social unrest’ in some crisis-ridden countries, while in most countries of the European core such as Belgium, Germany, Finland, Slovak Republic or Sweden ‘the risk of social unrest declined’ (ibid.).

The diverging socioeconomic situation within the EU is the outcome of uneven capitalist development, aggravated by an unequal severity of the course of the crisis (Becker and Jäger, 2012). The unequal impact of the crisis has very specific consequences for domestic labour markets, industrial relations, and welfare regimes. Consequently, it represents a serious challenge for trade unions to develop common or at least transnationally co-ordinated European strategies. On the one hand, unions of the more competitive current account surplus countries are rather inclined to continue and adjust their competitive corporatist arrangements to the new crisis constellation. Primarily relying on their institutional power base, i.e. their involvement in labour and social policy-making, they remain willing to acquiesce to wage moderation, more flexible working conditions or privatised social services in exchange for maintaining employment. On the other hand, in the less competitive current account deficit countries, heavily shaken by the financial crisis and its consequences, trade unions proved unable to practice such strategies of ‘crisis corporatism’ (Urban, 2012). Due to comprehensive disciplinary and cost-cutting labour and social policies, the tensions within inherited corporatist arrangements intensified; in many cases to such an extent that previous institutional settings dissolved.

This indicates that the multiple European crises represent specific but interconnected challenges to the European trade union movement (Baccaro et al., 2010). Two of them are particularly important. A first challenge results from the transition from an active crisis management based on comprehensive economic stimulus programmes towards the establishment of a European austerity agenda from early 2010 onwards. This change was promoted by the owners of financial assets and the ordo-liberal stance of the German government which were mainly concerned by increasing public debt and the prospective dangers of inflation. In practice, the austerity agenda was partly executed by the administrative troika of financial stabilisation funds, i.e. the European Commission, European Central Bank (ECB) and International Monetary Fund (IMF); otherwise, it became legally based on a couple of procedural economic governance reforms. Although European trade unions were and still are generally critical of the European austerity agenda, they have difficulties in forming a common strategic response. These difficulties also refer to a second challenge which, as outlined above, stems from the diverging national views on appropriate European and domestic crisis strategies. While some unions remain focussed on given institutional settings, others broadened their activities, became more engaged in European debates, and aimed to align with social protest movements. The diverging strategic priorities are explicable by both, given models of capitalist development labour relations are part of the prevailing public discourses and political convictions – as will be discussed in three case studies below. At the same time, however, this divergence makes it even more difficult for trade unions to contribute to the emergence of a powerful strategy of an alternative European crisis management.

This paper aims to explore the possibility of trade unions coming to terms with this twofold challenge. For this purpose it tries to reflect on the implications of the European constellation for trade unions and takes a closer look at the specific national constellation in three member states. In order to do so, we first differentiate between the overall political economic European situation and national developments; and second, between the different national developments themselves which are characterised by a specific course of the crisis and by particular power relations and inherited institutional welfare states, industrial relations, and labour market settings often inclusive of certain modes of – corporatist – union involvement. More concrete, the paper will be structured as follows: the next section outlines some general problems of trade unions in generating sufficient power and organisational capacities against the background of the unfolding crisis within the EU. It shows that European trade unions first have been inclined towards a kind of (self-)imposed pragmatism. Yet as

the crisis shifted to affect public budgets, public services, social security systems, and the labour markets, not only distributional but also cultural and ideological conflicts have become more intense. The following section empirically highlights these developments by discussing the cases of Germany, France, and Spain. These studies offer valuable insights into the conditions and nature of trade unions' strategic considerations and also into the political struggle on the content and social purpose of economic stimulus packages, financial stabilisation, and budget consolidation measures. Finally, the paper concludes with some apparent challenges and chances, but also the difficulties to form new progressive European alliances.

2. Perceptions and strategies of trade unions against the background of the unfolding European crisis

Recent debates within the European trade union movement are not only shaped by European crisis dynamics but also by the more long-term experiences of structural weakness and political defensive. Of course, these experiences differ among EU member states. At the same time, there are some overarching trends which support the argument of generally weakened trade unions. For instance, the level of unemployment structurally increased and remained fairly high since the early 1980s while different forms of non-standard employment such as part-time, fixed-term or temporary work gained in importance. This not only applied to employment in the services sector but also in production. As a consequence, in most countries and sectors the structural power of trade unions, derived from the overall position of the employees in the labour markets, diminished.² Yet not only structural, but also organisational labour power, i.e. the capacities of unions to tie and to politically enforce the interests of employees, declined remarkably. Relevant indicators of this tendency are declining union density rates (Table 1), while only some new and smaller unions representing particular occupational groups such as doctors, pilots, or train drivers gained influence (see for Germany: Schroeder and Greef, 2014: 124).

Table 1: Trade union density rates in selected EU member states

Country	1980	1990	2000	2007	2010
Austria	56.7%	46.9%	36.6%	29.9%	28.4%
France	18.3%	10.0%	8.0%	7.6%	7.9%
Germany*	34.9%	31.2%	24.5%	19.9%	18.6%
Greece	39.0%	34.1%	26.5%	24.5%	25.4%**
Hungary	---	83.1%	21.7%	16.9%	---
Italy	49.6%	38.8%	34.8%	33.5%	35.5%
Portugal	54.8%	28.0%	21.6%	20.8%	19.3%
Spain	18.7%	12.5%	16.7%	14.7%	15.6%
Sweden	78.0%	80.9%	80.1%	71.0%	68.9%
the Netherlands	34.8%	24.3%	22.6%	20.2%	19.3%
UK	51.7%	39.7%	30.1%	27.4%	27.1%

* data until 1990 only for West Germany

** data of 2011

Source: ICTWSS database (version 4.0) of Jelle Visser

In order to compensate for the erosion of structural and associational power, from the 1990s onwards many trade unions within the EU focussed on strengthening the institutional dimensions of power, i.e. procedural involvement in debates and decisions in the area of social and labour policies. In that context, the disposition of unions to engage with competitive corporatist arrangements met the aims of national governments and employers' associations to push through and flank market-liberal reforms without generating major social upheavals (Rhodes, 1998). The emergence of 'competitive corporatism' or 'new social pacts' (Hassel, 2009) was therefore mainly based on concession bargaining in the form of wage restraint, longer and more flexible working hours, and welfare reforms in exchange for certain tax cuts and employment promises. Besides, the pacts were further backed up by the overall aim to fulfil the requirements of the European Monetary Union (EMU), since the mentioned reform packages contributed to lowering inflation rates and budget deficits (Bieling and Schulten, 2003).

The effects of changed strategic priorities were ambiguous. On the one side, the corporatist arrangements of the 1990s and 2000s contributed to complying with the obligations of EMU as well as with the reform of labour markets and social security systems proposed within the context of the European Employment Strategy and the Lisbon Strategy. Overall, the rate of employment increased or was stabilised at least. On the other hand, quite a few unions became increasingly sceptical whether this modest 'success' was worth its price. Especially, since discontent among their members gained weight, in view of far reaching collective bargaining concessions, the expansion of non-standard, often precarious employment, market liberal reforms of welfare systems and public infrastructure, the abdication from promoting own socio-political concepts and a further erosion of capabilities to strike and face public conflicts (Cafruny and Ryner, 2007: 73ff). These negative effects of competitive corporatist arrangements became even more problematic as a complementary strategic orientation, namely the strengthening of the European 'social dimension' via institutional involvement on the supranational level, e.g. in the context of the social dialogue and the Open Method of Co-ordination (OMC), reached its limits. European trade unions responded differently to these developments and aimed to strengthen the following strategic components (Erne, 2008: 20ff).

- A first component was a more critical attitude towards the institutional involvement in competitive corporatist or technocratic supranational arrangements. At least gradually, trade unions showed more open for alternative political options the more the socio-economically precarious and disciplinary nature of most reform proposals was evident, while any positive achievements such as job guarantees in the fields of labour policy or social policy became unlikely.
- Secondly, some unions focussed increasingly on the development of an autonomous internal transnational dialogue by co-ordinating their collective-bargaining strategies. Such coordination initiatives aimed at realising a neutral distribution of inflation and productivity increases among capital and labour (Schulten, 2002). Practically, they were difficult to realise in view of nationally specific systems of collective bargaining and the indirect impact of social and tax policies on wage developments. Nevertheless and more important, they have partially generated some forms of cross-border class awareness which further initiatives can built upon.

- In addition to that, the cooperation with social movement organisations, especially with the globalisation critical ones, intensified, too (Bieler, 2011). Indicators of this third strategic component were the organisation of the European Social Forum (ESF) (Gajewska, 2008: 116ff) and common protest activities directed against the so-called ‘Bolkestein’ or services directive, the liberalisation and privatisation of public services and infrastructure, the restriction of fundamental social rights in the name of superior European economic freedoms or particular European crisis summits.

The listed tendencies show that strategic debates within European trade unions adopted some elements of the conception of a ‘social movement unionism’ (Brinkmann et al. 2008) and at least partially revitalised, broadened, and politicised their activities. It would be, however, exaggerated to interpret these tendencies as an expression of a new political paradigm. To the contrary, they only represented cautious and partially diverging efforts to revise and modify the prevailing strategies. Moreover, confronted with the unfolding of the global and European financial crisis, the strategic uncertainty and divergence was further stimulated, as labour and social policy implications of the crisis, and the experiences of employees and trade unions, varied. Depending on the specific integration into the global, particularly the transatlantic economy, the crisis contagion in Europe took different forms: one was via financial markets since the transatlantic activities of European financial firms and investors caused bank failures and a serious credit crunch; and the other was via trade relations since the slump in consumption and investment in the US caused a decline in European exports. In addition to these two forms of contagion, the internal European macroeconomic imbalances and the specific problems of countries with both a serious current account deficit and a budget deficit, increasingly determined the course of the financial crisis within the EU. With respect to the concrete socio-economic features it is possible to identify different groups of EU member states (Bellofiore, Garibaldi and Halevi, 2010; Schmidt, 2011; Becker and Jäger, 2010, 2012; Bohle and Greskovits, 2012).

- First, there are those countries whose banks and financial firms were very active in trading with ‘subprime credits’, Collateralised Debt Obligations (CDOs) and other risky financial assets. These countries (UK, Ireland and partially also the Benelux countries and Germany) were hit soon and rather hard by the crisis due to their close linkages with the US economy. While Germany and the Benelux countries recovered relatively fast, the UK, and particularly Ireland, suffered severe damage as a consequence of their large financial sectors.
- A second group comprises countries – mostly in southern Europe – which belong to the eurozone but suffer from deteriorating competitiveness. In the course of the crisis, the situation became particularly problematic for those countries which have not only been confronted with structural current account deficits but also with high levels of private and increasingly public indebtedness such as Italy, Portugal, Spain and particularly Greece. To the extent that the latter restricted the economic and social policy capacities of national governments, the prospects to confront worsened social conditions – e.g. through short-time work or active labour market policies – became gloomy.
- The third group of central and eastern European transition economies includes the so-called Visegrád countries and the Baltic countries. The Visegrád countries have been following a development trajectory of ‘dependent industrialisation’ and therefore suffered most from

shrinking exports to Western Europe and the US. The Baltic countries followed the trajectory of 'dependent financialisation' based on comprehensive privatisation programmes, speculative housing bubbles and overvalued national currencies which generated an increasing current account deficit and credit inflows; a constellation highly problematic in times of increasingly restrictive credit provision on the part of western banks.

To understand the course of the crisis and the trade union responses within the EU it is, however, not sufficient to look at its spatial pattern and country-specific particularities. It is also necessary to differentiate between two major periods of European crisis management marked by particular (socio-)economic problems, political discourses and instruments. The first period lasted from summer 2007 until the end of 2009. During this time, most politicians turned towards a fairly pragmatic and interventionist crisis management. They aimed at stabilising financial markets through public guarantees and nationalisation measures. The ECB accompanied this process with generous injections of liquidity in order to counteract the looming bottlenecks in the interbank market. And in late 2008/early 2009, finance ministers coordinated their economic stimulus programmes within the framework of a so-called European Economic Recovery Plan (EERP) inclusive of some measures to maintain employment (Hacker and van Treeck, 2010).

All in all, this first period of state interventionism aimed at stabilising the system was fairly costly. Bank rescues, economic stimulus programmes, and automatic stabilisers – lower taxes and social contributions but additional expenses – led to a remarkable increase of public debt; on average about 23 percentage points from 2007 to 2011 (Bieling, 2011; Schelkle, 2012). It was above all this context which allowed market-liberal politicians, economists, and journalists to launch the discourse on the 'sovereign debt crisis'. From early 2010 onwards, this discourse had the effect that European crisis management became primarily concerned with the definition and implementation of austerity politics.³ Hence, in line with the exit-strategy, most governments started to launch consolidation packages. First, they did this on their own accords; and then the EU – particularly the European Commission and the creditor countries – pushed for stricter common rules and procedures for budgetary consolidation (Heinrich and Kuttler, 2014). Those efforts have led to: the introduction of a 'European semester', i.e. a fairly comprehensive procedure of supervising and controlling national economic and fiscal developments; the passing of a 'six pack', a bunch of six legislative acts all designed to strengthen the disciplinary nature of the Stability and Growth Pact (SGP); a declared willingness of most governments to coordinate their socio-economic policies more closely within the framework of the 'Euro plus pact'; and a 'fiscal union' inclusive of a general national constitutionalisation of a 'debt brake'.

The initiatives and measures point unambiguously to a generalised European austerity agenda. Among other things, this implies a shrinking public sector, lower wages for civil servants, reduced social services, a higher effective retirement age, further flexibilised labour markets, and collective bargaining results below productivity increases. On average, this applies to all member states of the EU and the eurozone (Degryse, Jepsen and Pochet, 2013; Hermann, 2013). Yet besides this general trend, some countries are more severely affected than others. The differences concern political pressures on governments and collective bargaining partners, as they are particularly hard for those countries whose governments have to comply with the reform agenda of the so-called troika – ECB, IMF and European Commission – as they have drawn from the credit lines offered by the European Financial Stability Facility (EFSF) or the European Stability Mechanism (ESM) (Müller and Schulten, 2013). Besides, the differences also concern the overall socio-economic development within the EU. While in some countries the financial and economic crisis was

contained and overcome by an active political crisis management, other countries had only weak capacities and entered a *vicious circle* of economic recession, increasing public debt and hard austerity measures which in turn made the crisis permanent (Busch, Hermann, Hinrichs and Schulten, 2013). This divide of the European development is not only illustrated by diverging economic growth rates (Table 2) and labour market trends, above all the figures of (youth) unemployment (Table 3), but also concerns the strategic options and actions of trade unions.

Table 2: Annual Growth of GDP (in %) in selected EU Member States

COUNTRY	2004-08	2009	2010	2011	2012	2013*	2014*
EU 27	2.3	-4.3	2.1	1.5	-0.3	0.1	1.6
FRANCE	1.8	-3.1	1.7	1.7	0.0	0.1	1.2
GERMANY	2.0	-5.1	4.2	3.0	0.7	0.5	2.0
GREECE	3.1	-3.1	-4.9	-7.1	-6.4	-4.4	0.6
IRELAND	3.8	-5.5	-0.8	1.4	0.7	1.1	2.2
ITALY	1.1	-5.5	1.8	0.4	-2.2	-1.0	0.8
PORTUGAL	1.2	-2.9	1.9	-1.6	-3.2	-1.9	0.8
SPAIN	3.1	-3.7	-0.3	0.4	-1.4	-1.4	0.8
THE NETHERLANDS	2.7	-3.7	1.6	1.0	-0.9	-0.6	1.1
UK	2.2	-4.0	1.8	0.9	0.0	0.9	1.9

* Forecast from Winter 2013

Source: European Commission (2013: 112)

Table 3: Unemployment (general/youth in %) in selected EU Member States

Country	2007	2008	2009	2010	2011	2012
EU	7.2/15.7	7.1/15.8	9.0/20.1	9.7/21.1	9.7/21.4	10.5/22.8
France	8.4/19.8	7.8/19.3	9.5/24.0	9.7/23.6	9.6/22.8	10.3/24.6
Germany	8.7/11.9	7.5/10.6	7.8/11.2	7.1/9.9	5.9/8.6	5.0/8.1
Greece	8.3/22.9	7.7/22.1	9.5/25.8	12.6/32.9	17.7/44.4	24.3/55.3
Ireland	4.7/9.1	6.4/13.3	12.0/24.0	13.9/27.6	14.7/29.1	14.7/30.4
Italy	6.1/20.3	6.7/21.3	7.8/25.4	8.4/27.8	8.4/29.1	10.7/35.3
Portugal	8.9/20.4	8.5/20.2	10.6/24.8	12.0/27.7	12.9/30.1	15.9/37.7
Spain	8.3/18.2	11.3/24.6	18.0/37.8	20.1/41.6	21.7/46.4	25.0/53.2
the Netherlands	3.6/7.0	3.1/6.3	3.7/7.7	4.5/8.7	4.4/7.6	5.3/9.5
UK	5.3/14.3	5.6/15.0	7.6/19.1	7.8/19.6	8.0/21.1	7.9/21.0

Source: Eurostat

3. Strategic (re-)orientations of unions in key EU member states

The negotiation and definition of pending political answers to current socio-economic problems take place in this complex and partially confusing European context. What this implies in terms of the modes of institutional involvement is itself defined by the course of the crisis but remains open to political struggles. Hence, in the first period of European crisis management – characterised by bank rescues and economic stimulus packages – at least partially, unions gained

some political and institutional influence and pushed for stronger and more active industrial and labour market policies. In this sense, it was justified to speak of the emergence of a new ‘crisis corporatism’ (Urban, 2012: 227ff). This type of corporatism was based on a tripartite management of acute crisis processes closely related to the emergence of transnational financial capitalism. The mode of reproduction of this kind of capitalism was, however, not only responsible for recent crises phenomena. It also implied fundamental changes within societal power relations. Due to its structurally hegemonic position, financial capital was able to transpose large parts of the burden of crisis management to production, the public and labour, whose representatives – employer associations, governments, and trade unions – formed emergence coalitions to ward off a deeper and more substantial collapse of prevailing models of capitalist development.

Meanwhile, it seems, however, that this type of ‘crisis corporatism’ only survived in the economically stronger countries with long corporatist traditions and current account surpluses. For in the second period of crisis management, i.e. with the definition and implementation of a European austerity agenda, disciplinary pressures on public expenditures, social services, and wages increased (Theodoropoulou and Watt, 2011: 18ff; Heise and Lierse, 2011: 509ff; Busch et al., 2013), particularly in the highly indebted countries with negative current accounts. It is therefore no surprise that in many European countries corporatist arrangements became more fragile or even dissolved (Glassner, Keune and Marginson, 2011; Glassner, 2013; Carley and Marginson, 2011). Whether there is a split of the EU into a ‘crisis corporatist’ Nordic style and a ‘post-corporatist’ southern style⁴ will be subsequently discussed in three case studies of EU members – Germany, France, and Spain – with different traditions of welfare regimes and industrial relations systems and differently affected economies and labour markets. That is, Germany can be seen as a case for a ‘crisis corporatist’ country, France represents a special case and Spain shows signs of ‘post-corporatism’.⁵

3.1 GERMANY

Next to the Netherlands and Austria, the Federal Republic of Germany was traditionally regarded as the prime example for strong and centralised trade unions and a fairly comprehensively institutionalised collective bargaining system usually left untouched by state interventions (*Tarifautonomie*). For a long while, the development of the German collective bargaining system benefited from the dynamic evolution of the particular capitalist development based on a strong industrial export sector, a dual training and education system, an effective financial system and public sector, and supportive welfare arrangements (Simonis, 1998). In the last decade, however, the German collective bargaining system has shown signs of erosion: increasing pressure comes ‘from the financialisation of corporate governance, the systematisation of inter-site competition and, not least, the low growth rates in the German economy’ (Lehndorff, Bosch, Haipeter and Latniak, 2009: 121). Furthermore, the export oriented character of the German economy put wage negotiations under competition pressures. Other changes include the increasing fragmentation of the labour market with a steadily growing segment of atypical employment relationships. In addition to that, the conservative welfare state with its strong orientation towards the male breadwinner norm and lifelong full-time employment exacerbates the situation of those at the margins of the labour market.

With regards to the role of trade unions, developments in Germany have been accompanied by serious challenges to their position. For one, membership has been steadily declining. The union density rate has dropped significantly: in 2010, it was at 18.6% when in 2000, it had been at 24.6% (Visser, ICTWSS). Apart from the obvious decline in membership, other challenges have been

observed before the crisis. In the umbrella organisation *Deutscher Gewerkschaftsbund* (DGB), only about one third of all members are women. This points to several structural issues for the DGB and its unions. First of all, they have not been able to develop a strong membership base in the services sector where most Germans work nowadays and where there is a disproportional high number of women. Secondly, part-time workers (again, the majority of those are women) as well as other forms of reduced or atypical working time and employment such as fixed-term work contracts or posted workers often remain excluded from trade unions' actions and demands (Ebbinghaus and Göbel, 2014: 225ff). This also affects the age structure of trade unions as young people more often find themselves in fixed-term work contracts; according to eurostat 53.6% of all young people (age 15-24) in employment were temporary employees in 2012. All this is a major challenge for trade unions in terms of acquiring members as well as keeping them and topics to be covered and put on public agendas.

As opposed to the other two countries considered in this article, the main German trade unions are not divided by politics and have traditionally been close to the social-democratic party (SPD). This relationship, however, has also eroded, particularly under the chancellorship of Gerhard Schröder (1998-2005, SPD) under whom the SPD had reoriented itself towards a more market-liberal approach epitomised in the so-called 'Agenda 2010' which restructured the labour market accordingly (Butterwegge, 2006: 219f). In addition to somewhat losing their influence on political parties and politics, trade unions have followed a strategy of wage self-restraint which fits with the neo-mercantilist German model strongly based on export (Lehndorff et al., 2009: 125; Bellofiore et al., 2010). By the same token, collective bargaining was becoming more decentralised strengthening competition between firms that are bound by collective agreements versus 'those not so bound' (Lehndorff et al., 2009: 122). Competition pressures by transnationalised companies and European integration exacerbating the effect of a 'disembedding' of firms from the reach of nationally organised trade unions (Hyman, 2001: 289) were felt and thus influenced collective bargaining institutions and unions' strategies and especially the discourse and perception of what the possibilities of action were. To sum up, the position of trade unions in Germany was facing serious challenges and problems before the outbreak of the crisis. The strategies taken on during the crisis are thus even more important to the future of German trade unions.

All in all, Germany (a current account surplus country) was hit hard by the crisis but recovered very quickly which all in all, made for a comparatively low crisis impact. Due to its – compared to others – moderate degree of financialisation but strong export orientation, Germany felt the crisis through the banks' entanglement with risky financial assets and then more through the second channel of contagion: the decline in external demand. While the GDP contracted by 5.1% in 2009 but grew by 4.0% in 2010, and 3.3% in 2011, 0.7% in 2012 and 0.4% in 2013 (eurostat), the employment rate numbers developed surprisingly well and recently reached record levels (2009: 70.3%, 2012: 72.8%, eurostat). The other side of this coin is the further dualisation and fragmentation of the labour market encompassing more and more people in atypical employment. The relatively well-faring of Germany through the crisis is often attributed to the quick responses and well-functioning of the collective bargaining institutions. Short-term work arrangements were extended in the first ad-hoc reactions to the crisis with the extension of the *Kurzarbeit* scheme and the use of time accounts managed to preserve a lot of jobs at the core workforce that would otherwise have been lost (Urban, 2012: 230). In addition to that, the metal workers' union *IG Metall* had managed to negotiate the 'cash for clunkers' system as part of the state's stimulus package (*Konjunkturpaket II*). Furthermore, investments in the public infrastructure were effected in order to maintain demand in the construction sector. So while a form of 'crisis corporatism' worked well in

Germany – in particular for the traditionally strong metal workers' union *IG Metall* – during the first phase of the crisis and probably due to the fact that Germany could rely on well-established and traditionally strong institutions of collective bargaining, the second phase of the reactions to the crisis presented actors with much more conflict and tensions.

This second phase is marked by austerity policies that are especially hard to swallow for trade unions. The existing problems surface again and are partially exacerbated by the crisis. While the export oriented industrial sectors prosper again, the public sector and certain services such as the hospitality and retail industries are susceptible to cost-cutting pressures. That is, the segmentation of the labour market is pushed further and a drop in working conditions has also been observed (European Commission, 2010: 65). Although the EU has recommended to align wages with productivity developments (Degryse et al., 2013: 24), trade unions have not been able to catch up on the lost decade of real wage stagnation during the 2000s. Apart from the fact that the discussion about a statutory minimum wage has been revitalised (Lehndorff, 2012: 93) and is now on its still long way to being gradually implemented by the new Grand Coalition government of the Christian Democratic Party and the Social Democratic Party (Bundesregierung, 2013: 68), no new topics have emerged or gained momentum. With regard to that, especially a pan-European sentiment of solidarity that would at least problematize the effects of wage restraint in Germany for other European countries and better yet mobilise against austerity measures across Europe, is not able to properly stick in public discourse and in the consciousness of large parts of the German society. The sentiment that Germany has mastered the crisis very well is widespread and leaves few opportunities for critique.

In conclusion, German trade unions seem to react rather slowly to new challenges and are unhappy to forego institutional power in return for more mobilisations. This can also be observed with regards to new strategies such as the connection with other social movements or new forms of unionising such as campaigning (Brinkmann et al., 2008: 111). Apart from that, it remains to be seen how strong trade unions come out of the second phase of the crisis. While crisis corporatism seems to have worked well in the first phase, in the second phase of austerity policies, it puts German trade unions in a difficult and again weaker position. Having just negotiated certain compromises in the political reactions towards the crisis, they would lose credibility seemingly turning around now when mobilising too strongly against governmental action. As the effects of the austerity package unfold differently for different groups of society and a lot of processes are not shock-like but rather of a creeping character such as the increasing precarisation, trade unions find it hard to define a core problematic connecting those different groups of society and problematizing those issues. Furthermore, at this point, austerity policies are cushioned by Germany's strong position in the European context. In the long run, however, German trade unions need to figure out a strategy that achieves strong results for their members and makes them more attractive to new and as yet underrepresented members such as atypical workers, women, and young people. This could include a more confrontational and demanding style in wage bargaining – especially in times of apparently good economic performance – and developing a better ability to connect with social movements and thus to activate mobilisation potential.

3.2 FRANCE

France represents a particular model of capitalist development which is often labelled 'statist' or 'state interventionist' and which is characterised by a republican political culture emphasising the public good (Schmidt, 2002: 56). Both of these core features – the 'statist' tradition

and the republican political culture – became somewhat ‘Europeanised’ in the course of accelerated economic integration from the mid-1980s onwards (*ibid.*). This includes a high degree of financialisation and strong transnationalisation of French firms (Jany-Catrice and Lallement, 2012: 104). It is paired with a very segmented labour market that is particularly segregating with regards to vulnerable groups such as immigrants, young people, and to a lesser extent, women (Berrebi-Hoffmann, Jany-Catrice, Lallement and Ribault, 2009: 197f). The French welfare mix traditionally tries to buffer those effects with a strong redistributive element that ranks along the Scandinavian welfare states (e.g. Förster and Whiteford, 2009: 38). The state also regulates or steps in for trade unions with legally binding minimum wages that are regularly raised. Thus, the state has always played an important role in the wage bargaining process as trade unions have traditionally lower numbers of members and the general trade union landscape is split across the political spectrum, or, in other words, social partners are too weak to regulate the labour market yet powerful enough to block unilateral government moves (Amable, 2003: 245).

The particularities of the French trade union landscape with regards to membership and political division is reflected in the membership numbers of trade unions as well as the number of French trade unions. The union density rate in France has been around 7.6% for approximately the last decade and routine involvement of unions and employers in government decisions is rare or absent (Visser: ICTWSS). This resonates with the fact that the right to strike is fixed in the constitution and that it is a long standing tradition in French society to regard bodies representing particular interests such as those of workers as organisations conflicting with a general interest represented by the state (Mény, 1999). Having said that, trade unions traditionally have a high mobilisation potential despite of their rather weak structural and institutional power (Béroud and Yon, 2012: 170) which is reflected in the classification of France as a ‘strike-prone’ country (European Commission, 2010: 47). Those challenges of low membership numbers and a comparatively weak bargaining position are not new but there are changes to be observed, too. That is, here as well, collective bargaining has become even more decentralised (Jany-Catrice and Lallement, 2012: 105). While the state started to refrain from intervention and privatised a lot of formerly state-owned firms, it looks like this gap has not been filled by the French trade unions. At the same time, the French labour market faces serious challenges, too. Along with the fragmented labour market (temporary employees made up for 15.1% of all employees in 2012, eurostat), the structurally high unemployment rate (above 8% throughout the 1990s and 2000s, *ibid.*) is problematic.

So, French trade unions had to face the crisis from a weak position to begin with. France (a current account deficit country) was moderately hit by the crisis although its falling rate in GDP was exceptionally lower as compared to EU average (France's GDP contracted by 3.1% in 2009, but recovered somewhat (+1.7) in 2010 and +2.0 in 2011 until it stagnated at 0 in 2012, eurostat). Unemployment rates, however, jumped and are since at a very high level (2013: 10.3%, 2008: 7.5%, *ibid.*). This obviously exacerbates the situation for vulnerable groups in particular, that is, e.g. the youth unemployment rate is at 24.8% (in 2013, *ibid.*).

In the first phase of the crisis, after some disagreement between trade unions and the government as well as between trade unions and employer organisations, certain measures were taken extending training opportunities and short-time work arrangements (European Commission, 2010: 71). In addition to that, strikes – for example those protesting the raise of the retirement age – took place and again, trade unions surprised with the mobilisation they could achieve (*ibid.*: 72). Furthermore, seemingly more radical forms of protest were undertaken in some French firms, such as ‘bossnapping’ (Bossnapping refers to the kidnapping or sequestration of firm managers where

managers are held for a few hours up to three days mostly on the firm premises) or bomb threats (ibid.: 107). The latter rather piece-meal actions can probably be interpreted as signs of missing union organisation as workers apparently felt that in their firm there was no other or better way to articulate protest. It is also important to note that those actions although seemingly radical, were undertaken in order to achieve very limited demands, that is, higher severance pays and similar defensive demands (Ancelovici, 2011: 134). In the second phase of the crisis, trade unions were rarely involved in government decisions about public spending cuts. The timing of the French presidential and legislative elections presented the electorate with a particular momentum where they could express their discontent relatively timely with regards to the second phase of crisis management. However, the reform of the retirement age could not be significantly changed and the then newly elected president François Hollande has failed to deliver on a lot of his promises, especially in reaction to the competitiveness report by former European Aeronautic Defence and Space Company (EADS) chef Louis Gallois. In January 2014, Hollande has finally caved to the pressures of unfavourable economic and social conditions, his unpopularity and external pressures and has announced a variety of measures that are supposed to support enterprises. The employers' organisation *Medef* seems rather happy with this announcement as this 'social-liberal turn' (Venturini, 2014) marks the partial success of a long process during which the EU, Germany and French employers have exerted pressure on the French government again and again to deregulate the labour market and cut wage costs for employers.

All in all, the responses to the crisis by trade unions in France give a mixed picture. 'In France, unity and disunity have both been evident in the trade union mobilisations. Inevitably, internal divisions among the unions have weakened their capacity to shape government responses to the crisis' (Hyman and Gumbrell-McCormick, 2010: 370). The traditionally low involvement of trade unions has not been significantly strengthened during the crisis and is still dependent on initiatives by the government. Their pragmatic involvement remained limited while public unrest especially with the pension reform was high. Furthermore, since the *Front National* is in a strong position – as the first round of the presidential election in May 2012 and the recent local elections in March 2014 as well as the elections for the European Parliament in May 2014, has demonstrated – left trade unions as well as parties have a more limited space of manoeuvre. The success of the *Front National* signals that their electorate can no longer be totally ignored but needs to be addressed. Many of those (48%, Ifop 2012) who voted *Front National* in 2012 did so out of general protest which shows the problems of the politically divided trade unions to reach those protesters.

Thus, French unions are in need to develop coherent strategies to address and restrain right-wing populism. Especially the left trade unions should try to coordinate their actions better and maybe even join forces to become more influential on an institutional level as well. Trade unions have so far failed to properly use the opportunity of a President and government of the *Parti Socialiste* (PS) in their favour while Hollande has proven a disappointment for progressive actors. Meanwhile, plant-level negotiations (*ArcelorMittal*, *Peugeot*) and social dialogue (regarding the 'modernisation of the labour market', esp. fixed term contracts in January 2013) have been very conflictive and presented unions, above all the left leaning *Confédération générale du travail* (CGT) and the always government-critical *Force Ouvrière* (FO), with unsatisfactory results. For France, the crisis has thus not brought impetus for trade union actions but further exacerbated problems and challenges which makes them rather reactive than proactive in formulating demands. Mobilisation remains somewhat low after the experience of not being able to avert the pension reform. And while trade unions have often shown good connections to the social movement scene (Bérout and Yon, 2012: 175) mobilisation remains fragmented since 2011 and has not developed an encompassing

dynamic. Meanwhile, non-socioeconomic topics mobilise the French as seen in the protests against marriage and adoption rights for homosexuals around May 2013. If socioeconomic issues arise, it is mainly regional and limited protest and partly mixed with other issues. One example for this was the *bonnets rouges* movement in October 2013 that expressed the fear of consequences from the *écotaxe*⁶ for the more agrarian Brittany region. With Hollande's turn and high unemployment trade unions now more than ever need to focus their energy on the commonalities in the situations of precarious workers, the unemployed and the more secure workers in France and Europe. As the unity of trade unions against the pension reform and the crisis reactions came at the expense of a clear political and more progressive stance (ibid.: 178), this unity may not be the way forward for emancipatory actors. Thus, a transnational coalition of like-minded trade unions and social movement actors might be an important strategy for disappointed left trade unions in France.

3.3 SPAIN

Spain shows relatively strong collective bargaining institutions although the system is more recent than for example the German one due to the fact that the Franco regime lasted until 1977, under which all trade unions, except the Francoist, one were illegal organisations (Lessenich, 1994: 233). Before the crisis, the Spanish economy had reacted to financialisation and competition pressures by European integration and the broader globalisation context and was doing quite well according to economic growth figures, employment levels and public budget balance (López and Rodríguez, 2011: 5). However, the high degree of financialisation in combination with a dependent construction sector as second pillar operated in a context of a much segmented labour market. Thus, certain predetermined breaking points were incorporated in the Spanish growth model (Banyuls and Recio, 2012: 201f, López and Rodríguez, 2011: 9f). The relatively consequent liberalisation and deregulation of the Spanish economy was supported by a monetarist block that at the same time tried to establish a modern but financialized and unsustainable welfare state (Fernández Steinko, 2009). The labour market is characterised by a very high degree of fragmentation and precarisation. This was not so much buffered by the post-authoritarian welfare state which is very fragmented and relies heavily on the self-responsibility of individuals (Lessenich, 1994: 239).

A 'pattern of cooperation in economic and social policymaking among the social actors (government, trade unions, and employers' associations)' has contributed to a political culture aiming at greater compromise (Royo, 2009: 436f). This is also reflected in the trade union landscape which is less politically divided and fragmented than the French one. The union density rate in Spain is about 15.9% and it has levelled around that figure for at least a decade (Visser: ICTWSS). Furthermore, in contrast to France, unions and employers are regularly and frequently involved in government decisions on social and economic policy (ibid.). Trade unions have more and more relied on 'growing institutional embeddedness and implicitly accept[ed] chronically low membership levels' (Köhler and Calleja Jiménez, 2010: 553). As a consequence, unions were unable to take on board those in atypical employment (in 2012: 23.7% of Spanish workers were temporary employees, eurostat) which is especially problematic in Spain due to the high dualisation and precarisation of the labour market in connection with a limited welfare state.

Due to its high degree of financialisation the Spanish economy was severely hit by the financial crisis. It was, however, less the integration in global financial markets but the unequal development and the imbalances within the eurozone which made the recession in Spain – a current account deficit country with high levels of private debt – so severe. As a consequence of crisis-

induced de-financialisation, the drying out of foreign credits and the bursting of their very own housing bubble, the GDP contracted by 3.7% in 2009, ending a 16-year growth trend, and by another 0.3% in 2010, before turning positive (0.4%) in 2011 but going negative again in 2012: -1.6% (eurostat) while the unemployment rate climbed accordingly (2013: 26.4%, as opposed to 2008: 11.3%, *ibid.*). Vulnerable groups especially young people were hit even harder (youth unemployment was at 55.7% in 2013, *ibid.*). This 'lost generation' falls back on the support of their families or leaves the country.

As the crisis spread, collective bargaining institutions failed to deliver buffer measures. In 2009, no compromise was reached during the negotiation rounds (Visser: ICTWSS). In 2010, the socialist government implemented strict austerity measures while tripartite negotiations failed (Hyman and Gumbrell-McCormick, 2010: 369). Hence, Spanish trade unions have lost influence especially in this second phase of the reactions to the crisis (Huke, 2013). Labour market reforms have included a massive decentralisation (Schulten and Müller, 2013: 198) of the bargaining system through promoting bargaining at company level and imposing an arbitrator to find a solution where no agreement can be found (Banyuls and Recio, 2012: 213). Trade unions organised several strikes and general strikes but those remained with limited attendance and support (Huke, 2013). Meanwhile, the strictness of the austerity measures and other consequences of the crisis have activated quite some mobilisation potential for social movements. The *indignados* or 15-M are a famous example (Espinár and Abellan, 2012: 135). This movement represented a group that is traditionally difficult to attract by trade unions: young people, the unemployed and those who had lost their homes in the bursting of the housing bubble (*ibid.*: 137). Protesters criticised the political process in Spain, the management of the crisis and housing evictions.

Spanish trade unions had to operate between pragmatic involvement and public unrest. While collective bargaining failed, trade unions were unable to really capitalise on the mobilisation potential as the majority of the public regarded them as closely connected to the socialist government under Zapatero. This government first hesitated but then implemented aggressive austerity measures (López and Rodríguez, 2011: 24), with the result of not being re-elected in November 2011. Thus, trade unions lost a lot of both their structural and institutional power during the crisis. They also failed to connect themselves properly with the social movements that appeared at the time, which is probably also due to the fact that they were seen as affiliated to the government against which protesters went out on the streets. As unemployment numbers in Spain are still on alarming levels combined with the aggressive restructuring of the industrial relations system by the conservative government under Rajoy (Köhler and Calluja Jiménez, 2013: 16), trade unions remain in a weak position.

All in all, it seems as if Spain is in the firm hands of the market-liberal restructuring pushed by the EU troika and other actors. Although trade unions have managed to organise some strikes their influence remains especially low as the restructuring measures include a weakening of the collective bargaining system and collective bargaining coverage which adds to the challenges mentioned above (Busch et al., 2013). Those reforms will have a lasting effect on collective bargaining institutions as well as the scarring experience produced by the helplessness of trade unions and societies during the crisis. Furthermore, resignation and despair has been spreading in the Spanish society which has slowed down the overall conflict dynamic (Huke 2014). However, we would still like to refrain from declaring the patient dead in calling Spain or Southern Europe 'post-corporatist'. Trade unions remain an important pillar in articulating the interests of the working class and albeit their position is being undermined, they remain standing. The Social Summit, *Cumbre Social*, is one example of trade unions joining forces with the remaining parts of the 15-M

movement. A more decisive reorientation than what has been attempted so far (ibid.) might also be helpful for the influence of Spanish trade unions.

4. *Conclusions and prospects*

In our discussion above on the three cases of Germany, France and Spain, we have shown that the trajectories of labour relations within the EU, even within the Eurozone, differed to a remarkable extent. While in the economically stronger current account surplus countries such as Germany the social partners built upon former competitive corporatist arrangements, these arrangements proved to be non-sustainable in the extremely crisis-ridden current account deficit countries in the Southern member states. This shows that the overall socioeconomic situation may not determine the strategic choice of trade unions, but certainly has a strong impact. Hence, against the background of inherited institutional and political cultural traditions the turn towards ‘crisis corporatism’ is not only marked by a relatively good institutional and organisational power but also by a weak mobilisation power that is related with a rather modest stance when it comes to the sociopolitical trade unions demands. For our ‘post corporatist’ case, mobilisation seems to be the last straw that is still partly functional while trade union rights are heavily cut off and organisational power is confronted with a bleak looking employment rate and significant loss of trust. Looking at the French case, we see a very mixed picture which is related to the specific tradition and societal role of trade unions in France. The differences between the influence of trade unions as well as the overall situation their country finds itself in make a trans-European mobilisation difficult.

Table 4: Position of Trade Unions within specific Models of Capitalism

	Germany	France	Spain
Institutional power	Relatively strong	Weak	Moderate (and declining)
Structural power	Relatively strong (but declining)	Mixed/weak (and declining)	Moderate
Mobilisation power	Relatively weak	Strong	Moderate and significantly declining during crisis
Political divide among trade unions	Small	Big	Small
General political trend within trend unions	Corporatist/reformist	Fragmented, loss of radicalism -> large parts: reformist	Corporatist/reformist
Reactions to crisis	Social dialogue, participation in design of stimulus programmes	Protests and social dialogue, both moderately successful	Failure of both social dialogue and mobilisation efforts
Changing role during the crisis	Strengthening of role during first crisis phase, slightly more powerful in second phase than before crisis but will it last?	Business as usual	Weakening of role during crisis: massive intervention into industrial relations by austerity policies; lost foot in the door with both government and societal actors (social movements).
Concept	Crisis-corporatist	Sporadic public protest	Post-corporatism

Source: Authors' compilation.

In a way, the outlined cases can be taken as symptomatic for the overall situation of trade unions within the EU.⁷ They show that unions tend to confine their activities to the domestic arena and have difficulties to develop coherent, European-oriented and transnationally linked strategic practices. Obviously, the barriers of transnational co-operation as well as the strategic drift are quite serious. Nevertheless, there are also chances and starting points such as common problems, cross-border discourses, activities and learning processes which may all contribute to transcend nationally confined forms of political thinking. At least a few aspects and developments support this view.

First, on average the traditionally corporatist and meanwhile crisis-corporatist countries have a stronger membership base than the crisis-ridden post-corporatist countries in the Southern European periphery. However, while in the latter trade unions have learnt to live with low density rates, also in the remaining production sectors, by applying public mobilisation practices, the institutional and organisational power of their counterparts in the still corporatist core seems to wither. Indicators of this trend are not only the far-reaching concessions within corporatist negotiations, but also decreasing membership rates (Table 1).

Secondly, and next to similarity of challenges, there is reason to assume that – in terms of success and failure – both types of unions can mutually learn from each other. While the presumably strong unions in corporatist countries have certain deficiencies of political articulation, the crisis-ridden unions in post-corporatist settings dispose of manifold experiences and public mobilization techniques which can be built upon under conditions of generalized austerity within the EU (Lehndorff, 2013). In that context, new modes of action may arise. Cooperation of trade unions and social movements may not only include joint demonstrations and strikes but also common activities on a local or regional level in the field of education, health, social, or housing policies where the Southern European states are markedly retreating.

Thirdly, in view of the particular country-specific mixture of economic, social, and political conditions and challenges, European unions have no single ‘best practice’ they can resort to. At the same time, the country-specific particularities should neither be exaggerated. Irrespective of all differences, the public awareness of the transnational nature of the European crisis and therefore the search for common answers tends to increase in view of daily reports in the media, the dense succession of European crisis summits and overall cuts in public employment and social expenses. Even if one common reaction towards the crisis is the resort to right-wing populist slogans, this can be interpreted as a general European development which requires common strategic reactions.

Finally, there are also some political initiatives and practices which point to the indicated direction. For instance, since the outbreak of the crisis there have been about six European days of action which aligned trade unions and social movements in transnationally articulated protest and resistance against the prevailing austerity agenda and the continued power of financial markets (Pedrina, 2012). These activities have also been promoted by the European Trade Union Congress (ETUC) which has launched quite a few strategic papers and initiatives over the last years. In a way, this indicates a certain reorientation as the ETUC has become much more political and autonomous vis-à-vis supranational institutions such as the European Commission.

All these aspects and trends show that, although not completely wrong, it may be misleading to assume a strict and already fixed separation of European trade union strategies. On closer inspection, the overall picture is much more complicated and partially confusing, as neither the ‘crisis corporatist’ nor the ‘post-corporatist’ orientation provides the way out of the given constellation of generalised austerity within the EU. Besides, there are quite a few cases, such as France, which fit in none of the alternative strategic options. Instead of pitting both options against

each other, European trade unions may better utilise the unclear situation by promoting public debates and concrete political struggles and alliances in favour of their demands of employees. Depending on the concrete policy content, those alliances may, on the one hand, be with governments and employers' organisations in the observed form of 'crisis corporatism'. On the other hand, they may be with the social movements in the form of 'movement unionism'. What choice is taken is certainly influenced by national socioeconomic and institutional preconditions; at the same time, European trade unions may converge in their political engagement and alliance formation, if they focus on overcoming the socially repressive European constellation of generalised austerity and its regressive distributional implications. This would be a precondition to playing a more emancipatory role and inducing more far reaching struggles in European societies.

NOTES

1. We thank Laura Horn and Mónica Clua Losada as well as two anonymous referees for helpful comments on earlier drafts of this paper.
2. On the different dimensions and resources of trade union power see Brinkmann et al. 2008.
3. In the general public, most politicians, journalists, or academics of different kinds now see the roots of the current crisis in rising public debt caused by too generous public sectors and social welfare regimes. Consequently, they plead for downsizing the public sector, cutting social expenditures and restricting wages and labour rights in order to accomplish two goals: first, the consolidation of public budgets; and second, improved international competitiveness through reduced wages and non-wage labour costs.
4. Central and Eastern European economies which, apart from Slovenia, dispose of a very weak or only symbolic corporatist past cannot be taken into account in this paper. For an overview see Bohle/Greskovits 2012.
5. The aim of our analysis is not to undertake a comparative case study in order to identify causal chains but rather to reflect on the preconditions to successfully implementing crisis or post corporatist strategies in three very important member states of the EU.
6. Discussions around the *écotaxe* included a possible introduction of a tax for supermarkets to pay for products by the distance those had travelled. The producers of agricultural commodities in Brittany feared that supermarkets, e.g. in Southern France would transfer those costs onto them.
7. The situation is even worse if the orientation of Scandinavian unions is added to the picture. Although still fairly strong in terms of membership they are generally sceptical to develop common European strategies, as they are afraid that any kind of stronger European influence would further undermine their domestic welfare and labour regimes.

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