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Globalisation, neo-liberal restructuring and rising inequality: the response of European labour.

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Introduction

The revival of European integration since the mid-1980s is clearly characterised by neo-liberal restructuring and has, thus, gone hand in hand with globalisation and the increasing importance of transnational production dominated by transnational corporations (TNCs), the emergence of an integrated financial market at the global level and the dominance of neo-liberal economics. Neo-liberal restructuring in the EU is expressed in the deregulation and liberalisation of national economies within the Internal Market programme as well as Economic and Monetary Union (EMU), which instructs the European Central Bank (ECB) to make price stability its sole primary objective and constrains member states' fiscal policy through the neo-liberal convergence criteria of the Stability and Growth Pact (SGP). The flanking social measures of the Social Dimension do not change this fundamental neo-liberal direction (Bieler 2006: 9-14). In its enlargement to Central and Eastern Europe, the EU exported an even more market-radical variant of neo-liberalism to the new member states, who were not granted

immediate labour mobility and full access to the EU's redistributive policies (Bohle 2006).

At the global level, neo-liberal restructuring has led to a drastic increase in inequality. On the one hand, 'GDP growth in 2006 stood at 5.2 per cent, and the world economy grew at an average of 4.1 per cent between 1996 and 2006' (Bieler et al 2008: 9). On the other, unemployment increased to an all-time high of 195.2 million people in 2006. The Gini coefficient, which is used to measure inter-country inequality and where 0 signifies perfect equality and 100 signifies complete inequality, rose from 43 in 1980 to 54 in 1999 to 67 in 2005. This rising inequality between countries has been accompanied with rising inequality within most of the countries. 'Out of 73 countries measured between the 1960s and 2000, 54 showed rising inequality, 12 were constant and only seven had declining inequality' (Bieler et al 2008: 10). In short, neo-liberal globalisation has led to an increase in wealth, but at the price of increasing inequality between and within countries. Within the enlarged EU, a recent study has concluded that integration has actually led to diminishing regional inequalities. At the same time, however, inequalities within countries have increased steadily. 'The regional inequalities within states in the enlarged Europe have increased by 15 per cent over the last eight years, while the between-nation inequalities in Europe have fallen by 45 per cent' (Heidenreich and Wunder 2008: 25). The new Central and Eastern European member states are in particular affected by increasing internal inequalities. As Heidenreich and Wunder remark, 'since the middle of the 1990s, in the central European countries in particular, a sharp increase in regional inequalities has been observed (perhaps a counter movement to the "repressed inequalities" of the socialist period)' (Heidenreich and Wunder 2008: 27).

Looking at the EU and its current 27 member states as a whole, unemployment has come down slightly from an average 8.6 per cent in 2000 to 7.1 per cent in 2007, but historically compared to the immediate post-war situation in Western Europe this is still a relatively high figure (Eurostat, http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_33076576&_dad=portal&_schema=PORTAL; accessed 9 May 2008). In short, neo-liberal restructuring has led to higher levels of inequality within the EU member states without reducing overall unemployment drastically.

Trade unions have had an ambivalent position on European integration since the mid-1980s. They supported further integration, but in a 'yes, but' position demanded that economic integration was accompanied by social and political integration, including a re-regulation of capital at the European level. Ultimately, however, this strategy has had only limited results considering the rather weak development of the EU Social Dimension. Hence, it is often alleged that the 'yes, but' strategy by trade unions has resulted in some kind of symbolic Euro-corporatism, where unions can participate in discussions without having the chance of making a more significant impact on individual proposals (e.g. Ryner and Schulten 2003). As Taylor and Mathers (2002: 54) have put it, '"the social partnership" approach that dominates the thinking of leading members of the European labour movement amounts to a strategy that not only further abandons the autonomy of the labour movement but confirms the logic of neo-liberalism through "supply side corporatism" or "progressive competitiveness".' Thus, trade unions are accused of having been co-opted into neo-liberal restructuring and are, therefore, of no importance to anti – neo-liberal movements. The purpose of this paper is to analyse the

position of European trade unions on neo-liberal restructuring in the EU. It will be argued that while certain trade unions have started to accept some neo-liberal concepts, trade unions continue to criticise restructuring and the related levels of rising inequality.

It is frequently argued that to speak of neo-liberalism would be incorrect since it means many different things to different people and it would have so many different strands and varieties that any general labelling would imply a gross simplification. Nevertheless, within resistance circles people know exactly what is meant with neo-liberal economics and individuals can regularly identify, how neo-liberal restructuring is affecting their specific working-place and life (Bieler and Morton 2004). Rejecting neo-liberalism as an appropriate set of ideas to engage with can, therefore, be unmasked as a political move to undermine fundamental resistance to neo-liberal economics. Highlighting the different possibilities within neo-liberalism makes us overlook the fundamental problems with all currents of this set of economic ideas. The first section of this paper will, therefore, engage with the rise of neo-liberal economics and look in more detail at the way it has become embedded within the political economy of the EU. Then, a brief overview of several national labour movements is provided to assess whether they have accepted neo-liberal economics, before pointing to two potentially useful strategies for trade unions at the European level to counter neo-liberal restructuring more successfully. The conclusion will provide some thoughts on the chances of resistance.

The rise of neo-liberalism and its embedding within European integration

Neo-liberalism has been around for many years since the early 20th century and especially the work of Friedrich August von Hayek. In the post-war years of reconstruction in Europe, it did, however, receive little attention. Keynesian demand-side management seemed to provide successfully a situation of full employment combined with economic growth and rising profits. Only during the world-wide economic recessions during the 1970s, when developed countries around the world were characterised by stagflation, i.e. economic stagnation combined with high levels of inflation, did neo-liberal economics receive new attention. The rise of neo-liberalism can be divided into four distinctive moments. During the 1970s, it first regained prominence as a political economy critique of Keynesianism and was implemented as an experiment in Pinochet's Chile in 1973. Then, it was developed into a programme of capitalist restructuring and implemented in the USA from 1976 and the UK from 1979 onwards (Harvey 2006: 12, 15-17), before it became associated with a positive interpretation of globalisation in the 1990s, developing into a hegemonic creed (Gamble 2001, Overbeek 1999). The shift from the second to the third stage should not be understood as a smooth process, however. In both, the US and UK neo-liberal restructuring had run into problems with less than impressive economic results. As Peck and Tickell argue, in this shift from what can be called 'roll-back neo-liberalism' to 'roll-out neo-liberalism' 'the agenda has gradually moved from one preoccupied with the active destruction and discreditation of Keynesian-welfarist and social-collectivist institutions (broadly defined) to one focused on the purposeful construction and consolidation of neoliberalized state forms, modes of governance, and regulatory relations' (Peck and Tickell 2002: 384). Importantly, in this process neo-

liberalism has been further entrenched at different geographical scales including the regional and international context. The depoliticisation of monetary policy through the establishment of the independent ECB can be regarded as one example in this respect, as far as European integration is concerned (Gill 2001). More recently, neo-liberalism has been increasingly criticised and challenged and since the demonstrations in Seattle against the WTO in 1999 and the World Social Forum process, which started with the first forum in Porto Alegre in Brazil in 2001 (Reitan 2007), we can speak about a fourth moment of neo-liberalism, the moment of intensified contestation.

The exact neo-liberal policies including privatisation, central bank independence, liberalisation, flexibilisation of the labour market, public sector restructuring, cutting-back of trade union rights, etc. and the extent of their implementation differ from country to country. Differences are also the result of the fact that there are two strands of neo-liberalism, the laissez-faire and the social market strand, which have a contrasting assessment of how the state can ensure best a fully functioning free market (Gamble 2006: 21-2). Nevertheless, all neo-liberal restructuring projects are based on two core assumptions: 'first is the belief that inflation is a greater threat to the general welfare than unemployment. Second is the belief that phenomena such as unemployment and inflation are due to the interventions of the state into an otherwise naturally self equilibrating economy' (Blyth 2002: 147). When discussing debates internal to neo-liberal economics, it is important to remember these fundamental commonalities. Otherwise, one runs into the danger of incorrectly taking these debates as decisive divisions, while they are actually one of the same kind. As Saad-Filho has remarked in relation to the debate between Joseph Stieglitz and the IMF over the best economic way forward and to what

extent institutions are necessary to correct market failure – a debate closely related to the shift from the so-called Washington consensus to the post-Washington consensus – 'they share the same methodological foundations, including reductionism, methodological individualism, utilitarianism and the dogmatic presumption that exchange is part of human nature rather than being an aspect of society' (Saad-Filho 2005: 118). Hence, these internal debates of neo-liberalism are not the sign of its contestation, but 'should rather be seen as a part of its evolution. Accordingly, these challenges have contributed to the simultaneous reproduction and transformation of neoliberal hegemony, rather than to its imminent demise' (Plehwe, Walpen and Neunhöffer 2006: 2). In short, when investigating the contestation of neo-liberalism, one needs to be careful, not to mistake internal criticism for fundamental challenges. Gramsci's distinction between 'historically organic ideologies' and those based on extemporary polemics that are 'arbitrary, rationalistic, or 'willed' is significant here. It has to be distinguished between 'real action on the one hand . . . and on the other hand the gladiatorial futility which is self-declared action but modifies only the word, not things, the external gesture' (Gramsci, 1971: 307, 376-7).

Moreover, the fact that neo-liberalism has become dominant is not due to some kind of inert qualities. Rather, it was its material structure, the fact that it was pushed by the increasingly structurally powerful class fraction of transnational capital, supported by important forms of state such as the USA and Britain as well as international organisations such as the IMF and World Bank, which pushed it to the fore. Neo-liberalism, therefore, has to be understood as a project by capital to restore class power (Harvey 2006: 29). During the recessions of the 1970s in an atmosphere of a declining

rate of profit, capital's prerogative in relation to the means of production had been increasingly challenged in the developed world. Relocating production units to other parts of the world and deregulating financial markets has not only assisted in generating new profit avenues, it also pushed back the working classes in the developed world, where trade unions started to lose significant power resources in a situation of permanently high levels of unemployment. Hence, as David Harvey argues, 'neo-liberalism has been a huge success from the standpoint of the upper classes. It has either restored class power to ruling elites (as in the US and to some extent in Britain) or created conditions for capitalist class formation (as in China, India, Russia, and elsewhere)' (Harvey 2006: 42).

At the forefront of global neo-liberal restructuring has been the increasingly powerful transnational capitalist class forming a hegemonic project around neo-liberal restructuring (Robinson 2004: 47-9; Sklair 2001: 295). The project itself, as Carroll and Carson outline, has been developed within and between a whole range of international policy groups of transnational capital, including the International Chamber of Commerce, the Bilderberg Conferences, the Trilateral Commission, the World Economic Forum and the World Business Council for Sustainable Development. 'Taken as a whole, these global policy groups can be regarded as agencies of transnational capitalist class formation. They provide intellectual leadership that is indispensable in the ongoing effort to transform trasnational capital from an economically dominant class to a class whose interests take on a sense of universalism' (Carroll and Carson 2006: 60). Transnational capital is supported by its allies of small sub-contracting and supplying firms, specialised service companies such as accountants, privileged workers (Gill 1995: 400-1). It is

further assisted by the global corporate media, spreading the neo-liberal message, which holds this transnational historical bloc together (Robinson and Harris 2000: 31). At the European level, transnational capital is not exclusively, but most famously organised within the European Round Table of Industrialists (ERT), an organisation consisting of the CEOs of Europe's most powerful TNCs. It has been behind the emerging compromise of 'embedded neo-liberalism', which combined a predominantly neo-liberal direction with some industrial and social policies in order to broaden the social basis for the neo-liberal project (van Apeldoorn 2002).

Nevertheless, the emergence of an increasingly powerful transnational capitalist class at the global and European level, does not imply that there are no differences or tensions. Neo-liberalism is variegated in its nature and the individual ways it has been implemented within domestic contexts differs. As Huw Macartney outlines in an analysis of financial trade associations engaged in EU financial market integration, while there is a neo-liberal consensus in these associations' policy discourse, German, British and French transnational finance capital continue to be embedded in distinctive, different national-domestic contexts and their related competing accumulation strategies (Macartney 2008). In other words, while there is a general convergence around neo-liberal restructuring in Europe and beyond, there continue to remain national diversities and this is also reflected in the different nature of transnational class fractions. 'Instead of a global, homogeneous neoliberal hegemony, we thus need to think of potentially quite distinct neoliberal hegemonic constellations, which may be constructed at national, transnational, world-regional and global levels' (Plehwe, Walpen and Neunhöffer 2006: 3).

Importantly, neo-liberalism as such remains contested. Hegemony constantly has to be reconfirmed. Considering the variegated nature of neo-liberalism, the unity of transnational capital must not be exaggerated. As Macartney concludes, 'resistance movements would be better advised targeting their efforts towards the EU or international institutions where the shared interests of the transnationally oriented fractions remain immature, and where social forces could exploit conflicting tendencies' (Macartney 2008: 27). Hence, the issue here is to what extent trade unions continue to resist neo-liberal restructuring in its various expressions within the EU or whether they have become co-opted concentrating only on ameliorating the situation within it, without, however, challenging neo-liberal restructuring more fundamentally.

Trade unions and neo-liberal restructuring in Europe[1]

Trade unions have come under severe pressure as a result of the neo-liberal restructuring of the European social relations of production. The deregulation and liberalisation of national economies including the labour market has undermined their traditionally strong position at the national level. Moreover, neo-liberal economists fundamentally question the role of trade unions and often consider them as obstacles to the efficient functioning of the free market. Nevertheless, trade unions did support to a large extent the Internal Market programme in the late 1980s. Encouraged by the role of the then EU Commission President Jaques Delors, who demanded social integration as a necessary counterpart to economic integration, they were hoping that economic integration was a first step towards the establishment of a political union, which also included a social union

[1] The empirical part of this paper is informed by a neo-Gramscian perspective. For an outline and critical engagement with this perspective, see Bieler et al (2006) and Morton (2007).

(Bieling 2001: 100). Acceptance of EMU and the institutionalisation of neo-liberalism in the convergence criteria together with the establishment of the ECB, its focus on price stability and the lack of democratic control was more difficult for unions. In the end, considering unions' political weakness during the economic recession in Europe in the early 1990s and the small gains of the Social Chapter, trade unions accepted the Treaty of Maastricht (Bieling 2001: 105). This support was not uncritical, but followed a 'yes, but' attitude. European integration was supported as such, but additional social policy measures were demanded. As indicated above, it is precisely this attitude, which led to the accusations that trade unions have become co-opted into neo-liberal restructuring.

It is argued here that such assessments write off trade unions too quickly as possible actors in the resistance to neo-liberal restructuring. The 'yes, but' attitude should not be regarded as acceptance of neo-liberalism as such. European politics is class struggle and unions could simply not match the structural power of capital, nor challenge the dominant discourse of neo-liberalism at the time. A detailed analysis of the Austrian, British, French, German and Swedish labour movements has demonstrated that the vast majority of unions, including those which have accepted EMU, continue to resist neo-liberal restructuring (Bieler 2006). For example, German unions criticised the neo-liberal implications of EMU as represented in the convergence criteria and the ECB's exclusive focus on price stability. Unions generally demanded active employment policies at the national and European level, a more flexible interpretation of the convergence criteria, with some even wanting to add an unemployment criterion to demonstrate a stronger emphasis on employment and growth. Some unions also mentioned wage increases in line with inflation and productivity increases in order to ensure domestic demand as well

as tax harmonisation to avoid regime competition within the EU as additional steps. This argument was based on the understanding that employment cannot only be achieved via structural measures, but also requires demand management. Public investment in European-wide infrastructure programmes is one possible way forward in this respect (Bieler 2003a: 34-6).

In Britain, criticism of the neo-liberal EMU was even more outspoken. On the one hand, unions which organise workers in national production sectors, such as the public sector union UNISON, strongly opposed EMU, because it would limit national expenditure on public services and have a negative impact on growth and employment levels. The lack of democratic accountability of the ECB was also highlighted. The rejection of EMU membership due to its neo-liberal bias clearly indicates the opposition to neo-liberal restructuring by domestic labour in Britain. On the other hand, trade unions, which organise workers in export-oriented and transnational manufacturing such as Amicus were in favour of EMU membership. Their industrial sector had suffered from the high Sterling exchange rate with the Euro. EMU membership would remedy this problem. Transnational sector unions too, however, continued to oppose neo-liberalism and an endorsement of a single currency did not imply acceptance of EMU's current underlying rationale. These criticisms of EMU were echoed by general unions such as the GMB, which organise workers in the public and manufacturing sector and therefore understood the relevance of both positions (Bieler 2003a: 31-4). As Strange outlines, British pro-EMU unions have always demanded an expansion of the EU's macro-economic competence and a focus on high levels of employment as a precondition for their support (Strange 1997: 21-3). British unions have adopted a Euro-Keynesian macro-

economic management project, which is based on an ultimately centralised fiscal and monetary policy in a federal union and combined with EU social partnership industrial relations (Strange 2002: 356-7).

In France, similarly, support for EMU did not automatically imply acceptance of neo-liberal restructuring. On the one hand, the confederations CFDT, CFTC, CFE-CGC and UNSA supported EMU. Nevertheless, CFTC and UNSA combined this support with opposition to the underlying neo-liberal structure of EMU. Only the CFE-CGC, organising predominantly cadres and managers in companies, i.e. privileged sections of the working class, endorsed the focus on price stability. The CFDT accepted neo-liberal principles to some extent in that it did not reject the convergence criteria and the independent status of the ECB, but even this did not reflect a full endorsement of neo-liberal restructuring. On the other hand, FO and G10-Solidaires strongly criticised EMU for its neo-liberal rationale and especially the latter has intensified its co-operation with other social movements in the resistance to restructuring. The CGT was critical of the neo-liberal rationale of EMU, but more hopeful that this could be changed within EMU rather than requiring its abandonment (Bieler 2006: 113-19).

The confederation ÖGB set the tone of the general debate in Austria. It accepted that EMU and the single currency were beneficial in that they implied greater levels of economic stability. Nevertheless, the underlying basis of EMU, its neo-liberal rationale, needed to be changed, it was argued. EMU should have full employment as its core focus and a related unemployment criterion was demanded in this respect. Moreover, the ECB should be asked to concentrate on growth and employment in addition to price stability, following here the US Federal Reserve Bank. This should also imply a redefinition of the

inflation target. Finally, the ÖGB demanded that in order to ensure domestic demand within the EU, wage agreements should follow the formula of productivity increase plus inflation (Bieler 2006: 107-8). This position was supported by the majority of unions, organising workers in domestic production sectors. Only the metalworkers' union and the chemical workers' union, organising workers in internationally-oriented sectors, were less concerned about the neo-liberal implications of EMU.

At the same time, while many European trade unions continued criticising neo-liberal restructuring, this was not an automatic position as the Swedish case demonstrates. The Transport Workers' Union and the Commercial Workers' Union, both organising in a predominantly domestic production sector, linked their opposition to EMU to a clear rejection of neo-liberal restructuring, perceived to be embodied in the convergence criteria and the role of the independent, undemocratic ECB. Nevertheless, several of the national sector unions, which had not adopted a position on EMU, e.g. the Municipal Workers' Union and the Construction Workers' Union, were less critical of neo-liberal restructuring or, indeed, had adopted some neo-liberal principles. For example, they accepted the low inflation policy as well as the role of moderate wage development in maintaining economic stability. This acceptance of some neo-liberal principles was even more visible in the positions of the transnational sector unions and of the blue-collar confederation LO (Bieler 2003b).

In sum, these brief examples of European trade unions indicate that many continue to question neo-liberal restructuring. At the same time, EMU and other EU level neo-liberal policies have also made clear that the national level no longer suffices as the focus for opposition to neo-liberalism. The next section will assess the possibilities

available at the European level for trade unions to influence policy-making within the EU.

Trade union co-operation at the European level

At European level most national union organisations are members of the European Trade Union Confederation (ETUC), which claims to represent about 60 million workers in 36 countries. Furthermore, there are eleven European Industry Federations (EIF) representing national unions from certain industries, such as the European Metalworkers Federation (EMF) or the European Federation of Public Service Unions (EPSU) (http://www.etuc.org/r/13). Within the institutional set-up of the EU, trade unions are clearly disadvantaged vis-à-vis interest groups of capital, for example, in their capacity to influence policy-making. As briefly outlined above, the EU has been characterized by neo-liberal restructuring since the mid-1980s. The new, neo-liberal form of state has been institutionally protected by removing monetary and economic policy-making from the wider influence of actors. Firstly, in a move labelled 'new constitutionalism' by Gill (2001), monetary policy-making with a focus on low inflation has been handed over to the ECB, made up of 'impartial' technocrats. Secondly, the core macroeconomic decisions are taken by the European Council, the meeting of heads of government and heads of state within the EU, which is largely outside lobbying pressure. In June of each year, the European Council passes the so-called broad economic policy guidelines, which must support the low inflation policy of the ECB, therefore regularly re-confirming neo-liberal restructuring.

The multilevel nature of governance in the EU provides trade unions as other interest groups with easy access to supranational decision-makers, but with a related much lower chance of making an impact on the outcome of policy-making (Greenwood 2003: 29, 73). Trade unions have a particularly close contact to the Directorate General (DG) for Employment and Social Affairs, formerly DG V. Overall, however, the Commission has 23 DGs, and not all DGs are equally important. The DG for Competition and the DG for Economic and Financial Affairs are more decisive within the EU. Together with the DG Internal Market and DG Trade they are the hard core of the Commission (Interview No.1), driving the neo-liberal project through the discourse of competitiveness (van Apeldoorn 2003). Trade unions' focus on the DG for Employment and Social Affairs has often marginalised them within the Commission internal decision-making process.

Multi-sector social dialogue is one of the core avenues for the ETUC to influence policy-making in the EU since the Treaty of Maastricht in 1991. Should the ETUC and their employers' counterpart UNICE agree on a particular issue, this agreement is then passed to the Council of Ministers, which transfers it into a directive without further discussion. First successes include the Parental Leave Directive in 1996 (Falkner 1998). Overall, however, the significance of the social dialogue should not be exaggerated. To date, it has concluded only few agreements establishing minimum standards (Greenwood 2003: 68), including some agreements such as the one on telework in 2002, which is only voluntary and the implementation of which remains the task of the social partners themselves. Nevertheless, as the following two examples indicate, despite the structural

disadvantage of trade unions, there are positive strategies to influence EU decision-making.

The European Metalworkers' Federation (EMF) organizes workers in one of the most transnationalized sectors in Europe, including many TNCs in consumer electronics, car manufacturing and machinery production. In response to transnationalization, it is argued that the EMF had to follow and internationalize its structure and activities. The crucial turning-point were the early 1990s. 'Under the influence of the opening-up of the European borders, growing international competition, complete Europeanization of the economy and massive unemployment in Europe, [the EMF] had noticed a distinct tendency towards a competition-driven collective bargaining policy' (EMF 2001: 1). Plans for EMU further implied the danger of social dumping through the undercutting of wage and working conditions between several national collective bargaining rounds (EMF 1998: 1-2). The EMF realized that wage bargaining was no longer a national issue in its sector, characterized by an increasingly transnationalized production structure. In response, the EMF started restructuring itself and began to discuss the potential of co-ordinating wage bargaining (Interview No.2). The EMF co-ordination strategy has three main pillars (EMF 2001: 1): (1) an information exchange system about national collective bargaining rounds, the so-called European Collective Bargaining Information Network (EUCOB@); (2) the establishment of cross-border collective bargaining networks including the exchange of observers for collective bargaining rounds (Gollbach and Schulten 2000: 166-76); and (3) the adoption of common minimum standards and guidelines, of which wage bargaining co-ordination is not the only but arguably the most important aspect. The co-ordination of national wage bargaining was approved in 1998

and the EMF tries to ensure that national unions pursue a common strategy of asking for wage increases along the formula of productivity increase plus inflation rate (EMF 1998: 3; Schulten 2005: 274-89). As far as data is concerned, although national negotiators did not refer to the EMF guidelines, the actual bargaining results were pretty much within the formula until 2001. The current results of bargaining are more out of line with the formula, but importantly the guidelines are increasingly used as a political bargaining tool (Interview No.2). The main goal of the co-ordination of collective bargaining is to avoid the downward competition between different national bargaining rounds and to protect workers against the related reduction in wages and working conditions. Thus, 'a coordinated European collective bargaining policy will play a major role in intensifying and reinforcing the social dimension of European unity' (EMF 1998: 1). This, in turn, indicates the EMF's continuing resistance to neo-liberal restructuring.

Importantly, the institutional changes have gone hand in hand with an expansion of members of staff. In 1989, the EMF had four full time members of staff, now it employs 19 (Interview No.2). At the second EMF congress in Prague on 13 and 14 June 2003, internal decision-making was further facilitated by permitting the Executive Committee to adopt recommendations from the policy committees by a two-thirds majority. This introduction of majority voting clearly indicates that the EMF has developed into an independent actor at the European level. The example of the EMF highlights that despite structural disadvantages within the EU form of state, the co-ordination of bargaining provided a good, alternative way forward, characterized by the following three advantages: (1) it does not rely on an employers' counterpart, which has not been willing to engage in meaningful social dialogue; (2) the disadvantaged position

within the EU institutional framework is of no consequence, since inter-union co-ordination does not rely on the compliance of EU or national institutions; and (3) this strategy allows to take national differences into account, often cited as the core reason of why European-wide union co-operation is impossible. If productivity is lower in one country than another, then the wage increase demands in the former country will be lower than in the latter accordingly.

A second example of European activity is the European Federation of Public Service Unions (EPSU) (Bieler 2005: 475-7). It organizes workers in the civil service from local to European government as well as in the health sector and general utilities such as energy and water. Thus, it organizes workers in all those sectors, which were traditionally part of the public sector with a clear national production structure. Nonetheless, EPSU has become increasingly active as an independent actor at the European level since the 1990s. In order to explain EPSU's increased activity, one needs to refer to the increasing number of decisions taken at the European level. Deregulation and liberalization of traditionally domestic production sectors such as energy and public procurement has been driven by EU directives and here especially the Services Directive. Moreover, the Commission is the EU's main representative in the negotiation of a General Agreement on Trade in Services. The international, European level has, therefore, become more relevant for trade union activity as a result. In a letter to EPSU's affiliated unions, the General Secretary Carola Fischbach-Pyttel herself pointed to the decisions in relation to public services to be taken at the European level in 2003. This included the Commission's position on GATS negotiations, the report by the working group on Social Europe within the Convention on the Future of Europe, the discussion by

the EP of draft directives on public procurement and a further opening of the electricity and gas markets, a Green Paper by the Commission on Services of General Interest as well as a general push by the DG Internal Market towards more deregulation of services of general economic interest (EPSU 2003a). According to EPSU, the 'liberalization policies of the European Commission with the majority support of the European Council are undermining public services' (EPSU 2002).

In resistance to neo-liberal restructuring, EPSU has engaged to some extent in sectoral social dialogue in the electricity industry, now the most transnationalized sector within the remit of EPSU (Eironline 2002; Eironline 2004b). Moreover, a new social dialogue committee in the local and regional government sector was established in January 2004, adopting a joint statement on telework as its first measure (Eironline 2004a). In 2002, the executive committee of EPSU adopted a bargaining information exchange system similar to the EMF and appropriately called it EPSUCOB@ and there is now an annual collective bargaining conference (Interview No.1). A third strategy employed by EPSU has been the lobbying of EU institutions. In relation to GATS, EPSU is concerned that EU public services have become bargaining chips for the Commission in its attempt to open up other countries for European services exporters (EPSU 2003a). Reservations were expressed by EPSU in a meeting with the Commissioner Pascal Lamy of DG Trade on 17 February 2003 in relation to the tightness of GATS safety clauses, allowing countries to maintain their own regulations, the secrecy of the current negotiations, the pressure applied by institutions such as the World Bank on developing countries to move towards liberalization in these areas, as well as the rights of foreign citizens carrying out contract work within the EU (EPSU 2003b). The most innovative

strategy is, however, EPSU's increasing co-operation with other social movements. In relation to GATS, additionally to its direct lobbying of the Commission, EPSU has participated in demonstrations organized by Belgian unions and ATTAC on 9 February 2003 to keep public services out of GATS. Furthermore, it took part in the European day of national action on GATS and public services organized by the European Social Forum on 13 March as well as the ETUC European day of national action for a Social Europe on 21 March 2003 (EPSU 2003a). The link with other social movements is also visible in relation to public procurement. EPSU and several other EIFs co-operated with a range of environmental and other social movements such as Greenpeace Europe and the Social Platform, itself a network of European NGOs promoting the Social Dimension of the EU, in lobbying the EU Council of Ministers and especially the EP to amend the Draft Directive on Public Procurement towards the inclusion of social, ecological and fair trade criteria in the award of public procurement contracts (Coalition for Green and Social Procurement 2002; Interview No.1). Most recently, EPSU engaged in close co-operation with other social movements in relation to the Services Directive, aimed at liberalising the provision of public services. It was top of the union's list of priorities for the period of 2004 to 2009 and the co-operation with NGOs next to the ETUC and other EIFs was identified as part of the overall strategy (EPSU 2005: 2). The campaign culminated in two large European demonstrations in Brussels and Strasburg in 2005 and early 2006 covering trade unions and other social movements from all over Europe (ETUC 2006). In the end it was at least successful in preventing the adoption of the initial draft of the directive. EPSU is currently following up these efforts with a campaign for a EU legal

framework on public services ‘Quality Public Services – Quality of Life’ and the Social Platform has publicly declared its support (EPSU 2007).

In sum, the increasing involvement by the EU in general and the Commission in particular in moves of actual or potential future deregulation and liberalization of national public services has intensified EPSU’s engagement at the European level with the aim to counter these measures. The case of EPSU demonstrates again that trade unions are structurally disadvantaged at the European level, but also that there are strategies available, which may help to overcome these disadvantages. In all its activities against the further privatization of public services, EPSU has formed close alliances not only with other trade unions, but also wider social movements. These alliances present ‘an agreement between trade unions, NGOs and employers, that social Europe is the bridge that connects Europe to the citizen’ (EPSU 2002). Hence, a separate ‘social discourse’ has emerged in the EU and trade unions have successfully used it to broaden their social basis of the struggle against neo-liberal restructuring of the public sector, thereby increasing their impact on EU policy-making.

Conclusion

This paper argued that the EU has been restructured along neo-liberal lines since the mid-1980s, a push mainly supported by European transnational capital. And while inequality within Eastern and Western Europe may have been diminished since enlargement, inequality within countries and here in particular the new Central and Eastern European EU members has drastically increased. Additionally, it was demonstrated that transnational capital should not be understood as a homogeneous actor. Neo-liberalism is

variegated and hegemonic projects of neo-liberal restructuring always have to be reconfirmed. This provides space for resistance. When analysing the role of labour in relation to restructuring, it became clear that large parts of the European labour movement have not accepted neo-liberalism and continue to resist restructuring. The EMF and EPSU were presented as positive examples of how resistance may be developed in a successful way at the European level. In the remainder of this paper, I want to provide several further reflections on the likelihood of success of resistance.

In order to be successful, solidarity between workers across different industrial sectors and geographical areas is an absolute precondition. Unfortunately, EU enlargement has led to tensions between Eastern and Western trade unions over the issue of free movement of labour. It was West European trade unions, which through the Economic and Social Committee of the EU, in research by the European Trade Union Confederation, as well as through pressure by the German DGB and Austrian ÖGB on their respective governments, pushed successfully for a transition period of up to seven years in relation to the free movement of labour. They argued that immediate granting of this fundamental right could undermine the development of social Europe due to the large income gap between East and West. Moreover, it would intensify public fears and thus fuel right-wing parties (Bohle and Husz 2005: 102-6). Western labour won, partly also because transnational capital sustained only minor economic losses, if any at all, due to this concession. Nevertheless, as Bohle and Husz make clear, this political victory based on a lack of transnational solidarity may turn out to have disastrous consequences for labour in general in that it may result in long-term divisions between the Eastern and Western labour movements and thereby weaken European labour overall (Bohle and

Husz 2005: 108-9). Within Eastern Europe itself, trade unions, often associated with the old communist regimes, have lost influence. Where they have been active recently, this was often not in support of solidarity, but in defence of privileged workers. In a comparative analysis, Ost describes how unions first supported the restructuring of inefficient companies and remained passive in view of the related job losses and then, more active again, emerged 'as small unions of skilled, elite workers, a kind of unionism for the new labour aristocracy' (Ost 2006: 327). In short, it is not clear whether Central and Eastern European trade unions are in a position to resist restructuring.

On the positive side, the European Social Forum (ESF) process may provide the space for Eastern and Western European labour to overcome their tensions and move towards more intensive co-operation with other social movements in order to enlarge the social basis of resistance. From 6 to 10 November 2002, European 'anti-globalisation' movements including trade unions, non-governmental organizations and other social movements, gathered in Florence, Italy for the first ESF. During 400 meetings around 32,000 to 40,000 delegates from all over Europe, plus 80 further countries, debated issues related to the three main themes of the Forum: 'Globalization and [neo-] liberalism', 'War and Peace', as well as 'Rights-Citizenship-Democracy'. The ESF culminated in one of the largest anti-war demonstrations ever on the afternoon of 9 November, when 500,000 protestors according to police estimates—almost 1 million according to the organizers—marched peacefully through the streets of Florence against the impending war on Iraq (Bieler and Morton 2004). Clearly, there were differences between the various social movements, established trade unions and new, radical unions. While established trade unions continue to focus on 'social partnership' with employers and

state representatives in order to assert the demands of their members, radical trade unions emphasise the importance of bottom-up organisation with a focus on strikes, demonstrations and co-operation with other social movements to broaden the social basis of resistance. Moreover, tensions also exist between trade unions and social movements. While the latter are rather sceptical of trade unions' hierarchical internal organisation and their willingness about confronting neo-liberal restructuring, the former question the representativeness and internal accountability of social movements. These differences, however, should not make us overlook the commonalities and resulting possible joint activities. Despite different structures and strategies, all movements present at the ESF identified neo-liberal globalisation, in its economic, deregulatory form as well as militaristic version (as embodied in the war on Iraq) as the main target for resistance. Hence a convergence of opinions emerged around several areas for joint activities, including the call to hold world-wide demonstrations against the impending war on Iraq on 15 February 2003 as well as joint activities in defence of the public sector against neo-liberal restructuring. Similar co-operation efforts were initiated and/or deepened in relation to the demand for a European minimum income, the combat of tax evasion, as well as the co-ordinated demands for the introduction of a Tobin Tax on currency speculations (Bieler and Morton 2004: 312-19). While the second ESF in Paris in November 2003 was a disappointment as far as the co-operation between social movements and trade unions was concerned, these links experienced renewed emphasis at the third ESF in London in October 2004. British trade unions were especially out in force for the first time. Moreover, resistance to neo-liberal restructuring in general and the privatisation of public services in particular was still the main priority that brought

together this wide range of different movements. Importantly, there was a much larger presence of representatives from Central and Eastern Europe at the ESFs in Paris and London in comparison with Florence (Bieler and Morton 2007). It will be interesting to see whether this tendency can also be noticed at the next ESF in Malmö from 17 to 21 September 2008. While the ESF does not necessarily lead to direct decisions on how to move resistance forward, it provides the space for different actors to discuss and understand each other's positions and policies. This is precisely where tensions between Eastern and Western European trade unions can be discussed and negotiated in order to move towards a joint strategy together with other social movements of resisting neo-liberal restructuring and the related increasing inequalities in Europe.

Interviews

Interview No.1: Deputy General Secretary, European Federation of Public Service Unions (EPSU); Brussels, 22 January 2003.

Interview No.2: Deputy General Secretary, European Metalworker's Federation (EMF); Brussels, 23 January 2003.

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