Recent trends and persistent variations in Europe’s industrial relations.

Introduction: Persistent national diversity, less autonomy

The starting point for any overview of European industrial relations must be the recognition that although considerable change is occurring and there are some convergent trends in European industrial relations, there remains massive institutional diversity and that this diversity is still mainly organised along national borders, testifying to the remaining importance of national states in an integrating Europe. This diversity, already a feature before May 2004, has further increased with the EU’s enlargement. A direct effect of enlargement is that Europe’s Industrial Relations Model can no longer be presented as being based on sectoral bargaining with one outlier case – the United Kingdom. That picture was probably always a simplification of reality in countries like France or Greece, but with the arrival of eight more countries lacking the tradition and practice of sectoral bargaining (all the new member states except Slovenia and Slovakia), we have at least two European models and probably more – given various combinations of cross-sectoral pattern setting, sectoral and company bargaining. Institutional diversity shows in several indicators, e.g. trade union organisation and strength, employer organisation, collective bargaining coverage and methods, bargaining levels, centralisation and coordination of bargaining, and in the role of the state and the law. In the appendix, I present some data, taken from the European Commission’s Industrial Relations 2004 report, to which I have contributed.
Until a decade ago, industrial relations, collective agreements, employer organisations and trade unions were foremost national phenomena. Employers associations organized firms or their owners from one country only, by sector, region, firm size, religious or political sentiment. These associations lobbied national governments and in corporatist countries (like Germany, Austria, the Benelux and Scandinavia) they undertook to perform functions of public policy. They negotiated with trade unions from the same country at the sectoral, regional or national level – and generally participated in the regulation of national markets, in cooperation as well as in conflict with governments and organized Labour, pursuing the special interest of business as well as contributing to the common good of nations, however defined.

This picture held pretty much true until the late 1980s. Fifteen years later, it seems clear that the rapid progress in the internationalization of markets and the acceleration of the European Integration process since the Single European Act (1987), the Maastricht Treaty (1993) and the completion of the Economic and Monetary Union (1999) has changed all that. The issues and to a lesser extent also the actors – be they unions, employers or governments – have ‘Europeanised’. But it was observed that they fight their wars or solve their problems mainly in the national arena, albeit an arena that is more dependent upon what happens outside its borders (Streeck, 1997).

It is becoming increasingly clear that Europeanisation in the field of industrial relations does not refer to ‘harmonisation’ or to a vertical or upward transfer of authority to the European level, as was often assumed in the past. It refers instead to a process of bringing the European level closer to national and local discussions and practices, and European, national and local actors closer to each other, while respecting national and cultural differences. This understanding of a more ‘horizontal’ Europeanisation, with its implications of more meaningful exchange and coordination across national borders, can be more easily reconciled with the overall decentralisation trend in industrial relations. It acknowledges the emergence of a European pattern of orientations and social relations among all participants (e.g. unions, workers, managers, employers’ organisations and governments) amidst a persistent diversity of nationally defined interests, identities and practices.

Two Strategies: European or national co-ordination?

Arguably, the two biggest European development or ‘events’ in recent times have been the realisation of the Economic and Monetary Union (EMU) in January 1999 and the enlargement with ten new member states in May of this year. While the latter
event may be too recent for a full account of what it will bring – to the new member states and to the EU-15 – the EMU effect should be known by now. The EMU effect is above found in wage setting, the enlargement effect is reinforcing the pressure of competitiveness on firms and workers.

Prior to the EMU, industrial relations in member states seemed to follow one of two broad tracks:
1. Attempts at cross-border co-ordination among trade unions in continental welfare states and in what broadly can be described as the D-mark zone (Germany, Austria, the Netherlands, Belgium, France and, although not member of EMU, Denmark) to seek wage increases within specified parameters and thereby preventing upward wage pressure (endangering monetary stability) and downward wage competition and social dumping.

2. The adoption of or attempt at tripartite Social Pacts in peripheral or ‘catch-up’ countries outside the D-mark zone (Portugal, Spain, Italy, Greece) and those prospective EMU members which were confronted with deep structural changes (Ireland, Finland), prioritising national competitiveness, addressing crisis situations and preparing for EMU membership.

In some countries in the first group – the Netherlands in an early stage, Belgium and even in Germany – the second strategy was also used, or tried, in order to adjust and modernize wage-setting to the requirements of a strict monetary policy, though in later years the interest in cross-border coordination seemed to prevail, especially for the trade unions in the ex D-mark zone. In the case of Belgium this was obvious, as the Law on Competitiveness required wage setting in line with developments in Germany, France and the Netherlands. In the Dutch case, transnational coordination added to the pressure on wage bargainers to deviate from the successful path of wage moderation during most of the past 15 years, though it was hard to distinguish the pressure of these ‘quasi-coercive comparisons’ from the upward wage push of a tight labour market and a government bent on tax relief and public spending in an election year, as was the case in the Netherlands in 2001-2002.

Viewed together, the two responses suggest a dichotomy between Europeanisation and nationalisation of industrial relations.

The European strategy had the support of the European Trade Union Confederation (ETUC) and some of its most powerful national members (Germany, metal engineering). But this was also its weakness, as it had to be based on voluntary co-ordination among trade unions. European employers’ organisations and transnational firms were not able or willing to engage in bargaining or joint co-ordination. The
social dialogue process and the European macroeconomic dialogue notwithstanding, concrete pay and conditions of employment are not subject to collective bargaining at the European cross-industry or sectoral level. There are also no known cases of such bargaining at the European level within European companies, although management increasingly deploys cross-border pay comparisons. The European Works Councils have not become the Trojan Horses for transnational company bargaining.

The national strategy based on social pacts was in many cases (Ireland, Finland, to a lesser extent in Italy, Portugal and Spain) successful, but has become difficult to sustain in the post-entry context. Once in the EMU, the motivation and incentive structure for unions and governments to defend painful reforms alters. Lower levels of unionisation and decentralising tendencies in pay bargaining increase the coordination costs of national social pacts and income policies. With falling or stagnating real wages, slow job growth and increasing levels of inequality, it becomes more difficult for trade unions everywhere to support the painful reforms in labour markets, social security, pensions and health.

The Pact strategy may, however, still be a valuable strategy for the new Member States, especially if they would prepare for membership in EMU. They are expected to join the second phase of the European Exchange Rate Mechanism some time soon, which makes exchange rate policies a matter of common concern, with procedures for surveillance and co-ordination. That brings the Maastricht convergence criteria into play. Although some of the new Member States have a tradition of social pacts (Poland in the early 1990s; later also Latvia, Slovakia and Hungary, and of course Slovenia) and institutional tripartism is a feature in all countries, there are huge political and institutional obstacles.

**Competitive pressures and the danger of a deflationary era**

As EMU and economic co-ordination render labour costs and cost of living comparisons more feasible there are obvious competitive reasons for setting wages in line with or slightly below settlements reached in European neighbours. EU Member States have always been free to set pay awards compatible with historical productivity differences and with an element of ‘catching-up’ on other countries. Convergence in Europe, beyond the acceptance and implementation of a common acquis of legal standards, is in part built upon such competitive processes. This competitive element has increased with the accession of the new member states, as it creates more feasible and attractive locations for production at lower costs nearby. This development cannot but increase the pressure for reform of welfare states and
labour markets in the core economies of the continental European welfare states, at the same time making it also more difficult for trade unions to support such reforms.

Wage setting is arguably the area in which industrial relations has the greatest direct effect on broader economic and social developments, influencing inflation, unemployment and social expenditure. Its importance as a means of adapting to economic imbalances has increased with the progress of Economic and Monetary Union (EMU) as euro-zone countries are no longer able to use exchange and interest rates to make such economic adjustments. The introduction of the euro has also added greater transparency to pay comparisons within Europe. With generally much lower wages and wage costs, the accession of the new member states has increased competitive pressures. Across the EU-15, nominal pay increases have moderated in 2002 and 2003 following a rise between 1999 and 2001. Adding inflation and productivity to the equation, trade unions in most EU-15 Member States were unable to achieve real wage rises after 2001, though there is significant variation across countries.

We are now facing an old fear, discussed at length by Keynes in his General Theory: the tendency of workers to resist cutting nominal or money wages even in the presence of very high rates of unemployment. This means that when inflation and nominal wage rate increases are very low, as is currently the case, there is very little room for responding to shocks through and adjustment of wages. With the other (monetary and fiscal) instruments gone as well, this has severe implications. The low margin for nominal wage adjustments is in my view an important reason why the pressure has risen to prolong working hours as an alternative adjustment variable, leading to lower hourly wage rates. The main employers organisations in countries with the highest wage cost levels and very low inflation rates (e.g., Belgium, France, Germany, the Netherlands) have recently demanded the return to the 40-hours working week, without (full) pay compensation). This is an exact reversal of the union campaign that began 25 years ago in these same countries, the first ever Euro-wide campaign orchestrated by the European Trade Union Confederation with backing from some of the governments of the time who embraced working time reduction as a contribution to job-sharing in times of high and rising unemployment.

Countering this deflationary tendency requires a return to a growth path, in particular of labour productivity. It would probably also require a return to genuine concertation between wage-setters and governments through some sort of political exchange. In that scenario trade unions would be required to guarantee support for product and labour market reforms as well as a low wage push inflation rate of around the ECB’s 2 per cent target rate, while governments would be required to engage in a more
expansive counter-cyclical mixture of supply- and demand-side policies within a more flexible Stability and Growth Pact. To the extent that this scenario is blocked, either because trade unions, while suffering a crisis of representation and leadership, are unwilling an/or incapable to support the necessary reforms, or because low-trust dynamics among EU states make it unlikely that the Stability and Growth Pact will be changed, the pressure is on the very structures of collective bargaining.

In this connection I want to discuss what I see as the major change in European industrial relations – the movement away from sectoral collective bargaining and the transformation of sectoral agreements from hard to soft law. In this connection I shall discuss the use and legitimacy of opening clauses in collective agreements; the role of extension provisions and public policy; and the importance of state intervention in wage bargaining.

**Further decentralisation?**

Decentralisation is often mentioned as the master trend in today’s industrial relations. In many countries, this process first became noticeable in bargaining over working time reduction in the 1980s, but has since been extended to matters of pay. It has been contended that internationalisation, technological and organisational change, multi-tasking, teamwork and client-related work processes have made standardised solutions, negotiated for entire sectors, less feasible and efficient. Reflecting growing diversity in the workforce, decentralisation has also changed the trade unions. Yet the main driving force has come from employers.

Traditionally, the creation of a level playing field and the prevention of cut-throat competition based on low wages has been valued as one of the benefits of wage and working hours standards set by sectoral or national wage agreements. Increased international competition has made this less relevant. Sectoral agreements, negotiated at the national level, can no longer take wages (or working hours) out of competition once product markets are integrated. (Note that this is true irrespective of the integration of labour markets in Europe – in fact, for most occupations there is no European labour market, as those markets are largely constructed and regulated by nationally diverse labour law regimes, education systems and welfare states).

Two more developments undermine sectoral agreements: diversification of business activities and the growing importance of non-price developments (Marginson and Sisson, 2004). The first factor leads to a growing mismatch between the constituencies of sectoral employers’ associations (and sectoral agreements) and
the activities of large companies. The second factor would seem to downgrade price-factors as such, and together with the attention to issues of branding, quality, service delivery and reliability, it also favours company-specific HR management. The introduction of performance related pay, which has become more important in motivating and supervising skilled workers, project and teams, has further fuelled the demand for company level bargaining.

To these arguments we can add that under fiercer international competition, it has become more important for internationally competing firms to have the freedom to react speedily to wage competition from foreign firms in the same product markets. Finally, the success of a devolution of ‘operational and financial responsibility’ to ‘quasi-autonomous business units’ within large corporations tends to depend on the possibility that local management has control over most cost components – including wage rates.

The pressure on sectoral collective bargaining is confirmed in recent surveys among employers, for instance in Finland, Germany, the Netherlands, Spain or Italy. These surveys tend to confirm that a majority of employers still values the stability and labour peace that can be achieved through general collective agreements, but also that many employers demand more flexibility. In many countries and sectors there is a growing minority of employers who wants to abandon sectoral bargaining. There is a strong pressure to introduce quite general ‘opening clauses’ and transform the sectoral agreement, where it exists, into a looser framework agreement. It is to that development that I will turn now.

The use of opening clauses

In my view, the most significant recent institutional development in European industrial relations is the conflict over the use of opening, hardship, inability to pay, opt-out or drop-out clauses, allowing firms under certain conditions to negotiate or unilaterally apply lower pay rates or longer working hours with their workforce than what is stipulated in the sectoral agreement. I need only refer to the various clamorous events and conflicts during this Summer, with concession bargaining at Siemens and Daimler-Chrysler in Germany (with similar pressures arising from Opel and Volkswagen), or Bosch in France. Not only is the use of opening clauses increasing, we also see that their scope has expanded. ‘Hardship’ or ‘inability to pay’ clauses require a real and measurable crisis of the firm, often requiring the opening of the books and control by works councils or union representatives. Moreover, they are supposed to give rise to temporal concessions, until the crisis has passed.
'Opening', 'opt-out' or 'drop-out' clauses are much more general. They can be invoked even by highly profitable firms in response to hard-to-verify (though perhaps no less real) threats to future competitiveness and possible relocations of investments and production sites.

Opt-out clauses have become more prominent in recent years in Austria, Belgium, France, Germany, Ireland, Spain and Italy, although it is not always easy to establish the degree to which employers make use of them. In Belgium derogations from sector agreements are allowed at company level on nearly all issues, provided it is based on agreement with the union (in Belgian firms, based on a national cross-industry agreement, workers are entitled to elect union representatives, with mandatory rights guaranteed by the state). In Spain most collective agreements, affecting as many as 70 per cent of all employees covered by collective bargaining, have a so-called 'drop-out' clause, laying down situations in which companies may fail to fulfil wage guarantee clauses. It means that these companies may decide not to pay the difference between the 'planned' target inflation rate, negotiated in advance, and actual inflation which is usually much higher. In France, the government has introduced a bill in Parliament to reform the main principles and organisation of collective bargaining. If accepted, it will transform the hierarchy between intersectoral, sector and company bargaining, allow more derogation from the law as well as local bargaining. In the German metal and engineering sector, the employers wanted longer working hours and a general ‘opening clause’, with more authority for local management and works councils to decide such matters. In the final settlement for 2004, the scope for opening clauses has been widened but the unions gained the concession that they and the employers’ federation need to be informed and give their consent. A major innovation in the 2004–2006 agreements in Denmark is that the parties at the local level may now conclude local agreements that deviate in either direction, above and beneath the (minimum) standards stipulated in these agreements. They must, however, inform the signatory parties at the higher level. This means more flexibility for firms, but at the same time the trade unions gain a stronger role for employee representatives, since such deviations can be concluded only in enterprises which have union-elected employee representatives and only by agreement. In the Italian situation local pacts, promising investment and employment, sometimes require concession bargaining in which unions agree to lower standards.

My reading from these developments is that the sectoral (multi-employer) agreement may survive where it prevails (i.e. in continental Europe, but not in the UK and not in the new Member States), but only by denying itself most of the characteristics that have in the past forty to fifty years defined the sectoral agreement. Sectoral agreements can probably only survive if they lose much of their substance, move from
hard to soft law, allow variation above and below negotiated norms or standards and re-assign bargaining rights to representatives inside the firm. The procedural aspects of defining and attributing negotiating rights and the assurance of a peace clause or procedure for settling disputes by ‘outside’ parties will remain the most important and most valued properties of sectoral agreements and the basis for their survival.

The general use of ‘opening clauses’ challenges some main principles underlying collective bargaining as we know it: the collective rights of trade unions to negotiate agreements and remain in control over their implementation; the principle of ‘most favourable’ treatment; the relationship between individual rights, as defined by law, and collective rights; the use of semi-mandatory law and the possibility to “derogate’ from established rights by agreement or otherwise. These questions are highly contested in European and national labour law. A question also arises in relation to EU law, when ‘higher-level’ EU Directives (e.g., working time, atypical employment, worker consultation and information) provide for lower individual or collective standards than existing in national law, as is often the case, especially in the mature welfare states of North-West Europe. By not enforcing the principle of ‘most favourable treatment’ or what in Italian legal practice is called the ‘clausola di non regresso’, a general tendency towards more flexibility, less regulatory costs for the state and a more voluntary interpretation of labour law may in fact be promoted through European law, as has some time ago been signalled by Streeck (1996).

I now move to a related institutional issue: the role of public protection of sectoral collective agreements through extension laws.

**Public protection of collective bargaining through extension laws**

In Europe it is common for employers to voluntarily apply negotiated agreements to both unionised and non-union workers. This practice is recommended by the ILO and makes good sense, since union members-only contracts might be seen as discriminating against co-workers who are not union member and become subject to litigation. As such differences may become the basis for resentment, they may be an obstacle for co-operation among workers and become an incentive for union organising drives.

Where bargaining coverage is in excess of employer organisation rates, at least some non-organised employers apply the agreement negotiated by their organised competitors. They may do so voluntarily in an attempt to attract good workers, under pressure of union action or because of legal requirements. Legal or administrative
extension procedures, making (parts of) the collective agreement binding for the entire sector, occupation or area exist in eleven of the EU-15 (all but the UK, Ireland, Sweden and Denmark) as well as in four of the new Member States (Slovenia, Slovakia, Hungary and Poland). In addition, Denmark has introduced an extension procedure for the purpose of implementing EU Directives. In two countries – Austria and Slovenia – obligatory membership in employers’ organisations is a functional equivalent for administrative extension and in Italy extension of contracts to employees in non-organised firms is based on judges’ law – applying the minimum wage provisions in collective agreements also to employees working in firms not bound by contract.

Several countries have established minimum requirements for extension, most commonly minimum rates for coverage of the relevant agreement prior to extension. Usually, the Minister must ask advice from the social partners and firms may appeal decisions. Social partners may advise on dispensations for small or starting firms, as has become common practice in the Netherlands after some government pressure in the early 1990s. Other minimum requirements are that extension must be in the ‘public interest’ (Germany, Netherlands, Poland) or must abolish disadvantages to employees or employers (Slovakia). The direct effect in terms of employees additionally covered by agreements varies. It is probably very significant in France, Spain and Belgium, although no reliable data are available. For Finland, the Netherlands, Hungary and Germany the OECD estimates the additional effect on bargaining coverage at 19, 7, 4 and 1 per cent of all employees respectively (OECD, 2004). Extending a collective agreement to non-organised employers presupposes the existence of multi-employer bargaining, either on a sectoral or on a geographical basis. Thus, in countries where the legal possibility of extension exists, for instance in Hungary or Poland, but where the practice of sectoral (multi-employer) bargaining is very limited, the role of this instrument must be limited as well.

Ten years ago the OECD Jobs Study argued that extension stifles competition in product and labour markets, and called upon governments to discontinue this practice. However, in 1997 the European Court of Justice (ECJ) defended extension on the grounds that it is a linchpin of the European social model, as defined in Treaty articles 2 and 3. The competition rules of the internal market do not in the opinion of the EJC overrule this principle. (EJC-C-219/97) Careful empirical studies conducted at different times in the Netherlands have not been able to find an upward pushing effect on wages. Supporting sectoral bargaining, it may even lower distributional conflict and investment losses (of workers in firms and firms in workers) connected to the ‘hold-up’ problem in bargaining. This problem arises from the fact that both firms and workers will tend to restrain their specific investments in each other if they
expect that, after having committed themselves, future bargaining will put them at a disadvantage. Simply put, when individual workers or local managers do not have much influence on negotiations conducted outside the firm, they cannot create a hold-up problem (Teulings and Hartog, 1998). In other words, by assigning rights to outside organisations, sectoral agreements may not only improve the incentive structure for long-term investment (training, productivity), but also allow more flexibility by defining some hard collective and individual rights in advance and create the security which serves as the bedrock for flexible adjustment at the local level.

One of the main conclusions of the 2002 EIRO study on the extension of collective agreements was that there is ‘a high stability of extension provisions — the continuity is striking’ (Traxler and Behrens, 2002). This is remarkable in view of the decline in unionisation and the recent turbulence in collective bargaining. As a matter of fact, the stability may be a thing of the past. In recent years there have been fierce debates on collective bargaining and extension in France, Germany, Hungary, the Netherlands, Poland, Spain and Portugal. The issues are everywhere the same: the introduction of a general dispensation to start-up businesses and small firms derogation or opening clauses in collective agreements as a condition for public protection by means of extending the agreement to non-organised employers and the assignment of re-negotiation rights in case of derogation to the trade unions (all unions?, majority unions?, minority union?), works councils, individual workers or shop floor representatives.

Another issue is that extension has turned into an instrument (‘a shadow of hierarchy’ cast over the bargaining table) of governments in rewarding or punishing unions in negotiations over wage moderation and welfare reform. This brings me to my third institutional issue.

**Regulatory competition, corporatism, and the state**

Owing to trade and financial liberalisation as well as lower costs of transportation and telecommunication, the flow of factors of production across national jurisdictions in Europe, and in the world, has increased. This implies that the opportunities and potential gains from regulatory competition have increased. With increased capital mobility, states are forced to become more effective and efficient in performing their regulatory functions. The economic theory of government organisation predicts that regulatory competition will drive states towards decentralisation. The theory makes an analogy between law and commodities, and then asserts that lower level governments – local, state or national, as opposed to...
federal or supranational – should compete for preferences of taxpaying citizens and factors of production when they regulate. This is very much the logic of the internal market project in the European Union. The question is, is it or will it also become the logic of social policy and wage bargaining?

Against many predictions, governments continue to play an active role in influencing the outcome of collective bargaining in many EU Member States, despite pressures towards decentralisation and deregulation. With regard to wage bargaining this has been documented in a recent study by Anke Hassel, who has shown that the state employs different instruments: direct participation in negotiations (concertation) which may or may not lead to a Social Pact; threats to withdraw support for collective bargaining and discontinue or qualify provisions for the extension of agreements; the use of minimum wage legislation; and wage setting in the public sector as a benchmark for private sector wage developments (Hassel, 2003). Earlier on, we saw that government intervention in wage setting has remained an important element in many EU member states, both new and old, for instance in Belgium, Ireland, Portugal, Finland, Greece, followed by Italy, France and Luxembourg, and – reversing the developments since 1982 – the Netherlands.

During past years, before and after EMU, we observe no trend towards less government intervention in wage bargaining. The instrument of a wage freeze, still employed in the mid 1990s, seems to have disappeared. But the other instruments (extension, minimum wage, public sector) are still used and may have become more important. Governments have not been able to extract themselves from the problem of wage setting. The reason is that incumbent politicians must worry about unemployment if they want to be re-elected and that social dialogue and co-ordinated wage bargaining offer suitable starting points for negotiations about adjustments to macroeconomic and global shocks such as 9/11, the wars in the Middle East, and oil price hikes. But state intervention is a double-edged sword. Governments might achieve a higher control over the rate of change of wages, but in exchange they surrender control over other policy issues, especially regarding social protection. The interdependence between the domains of industrial relations, social protection and labour market governance, and between wage and social policy, has undeniably increased.

There are large built-in tensions in national co-ordination of collective bargaining. To the extent that there is continued decentralisation of actual bargaining levels, co-ordination costs will increase. Continued decline in union membership relative to employment, especially in new and growing parts of the economy, will weaken the legitimacy of moderating agreements struck by unions and make pacts with the
government increasingly an anachronism. Another threat to national co-ordination comes from the internationalisation of product and labour markets, which tends to liberate companies from their historical national roots. As a consequence, national governments will have less leverage to convince companies to accept a joint policy, for instance holding back extreme salaries and bonuses for top executives. Increasingly, national frames of reference may lose their economic, political and moral relevance for the strongest players in the economy, namely firms that are already strongly internationalised and the managerial and professional staff in these firms. This puts greater strains on the central organisations of employers and unions when they try to define and defend national guidelines for policy.

This discussion suggests that co-ordination through social pacts may only work up to a point. Such co-ordination may represent an unstable equilibrium, which may easily break down once the levels of unionisation and coverage of collective agreements fall below a critical level. Another way of phrasing this conclusion is that wage moderation through co-ordination may increasingly come to require skilled government intervention, a ‘shadow of hierarchy’ and public policy support.

This brings me to my final point and conclusion, which we might term the paradox of corporatism. Weak states, or national governments that are forced to operate with limited autonomy and sovereignty (as is the case in the EU), need strong interest organisations in order to realise their ambitions, but are usually not capable to discipline these organisations for the active support of its objectives. Internationalisation and regulatory competition, on the other hand, weaken the capacity for self-regulation of interest groups, since they undermines encompassing representation, increase internal conflict (between sectors, small and large firms, suppliers and producers, skilled and unskilled workers) and lower the capacity for external compromise and internal discipline. Attempts to rebuild national corporatism are just as doomed as attempts to rebuild a strong state capable of managing the economy. The key question is how in the multi-level polity of Europe, weak interest organisations can help weak states, and vice versa. This may require a re-composition of roles and responsibilities defined at the European and the national level, and different tasks for interest organisations such as unions and employers associations.

One answer, tried by the European trade unions, is to reinforce international coordination, not for its own sake or for some misguided European dream of collective bargaining in the near future, but in order to defend the national sectoral agreement. Thus, in a rather realistic assessment, the most influential and innovative of the European unions, the European Metalworkers Union (EMF) sees in the current
developments a threat both to ‘the result and the structures of collective bargaining’ in Europe’ and contends that stronger international coordination is needed to defend the national unions and collective bargaining (EMF, 2003). Though they prefer the development of an autonomous social dialogue, leading to meaningful collective bargaining and standard setting with European and national employers, they realise that it will not happen anytime soon and that without the political support and the help from the Commission they will be fully on their own. If, however, employers would see an interest in a process of controlled or organised decentralisation, rather than a full break down, they might see the advantage of some kind of light international coordination. But they too, would need the help of political actors to overcome the enormous coordination costs. In other words, one weakness can help the other. Future research, I guess, will have to concentrate on how such multi-level (European and national) processes of coordination could be institutionalised through a mixture of legal and extra-legal instruments, using various instruments, varying from law and standard setting, to open methods of coordination based on targets, benchmarking and best practice learning, as well as voluntary agreements and joint workshops and opinions.
Appendix


Chart 2: The organisation rate of employers, around 2000
Chart 3: Bargaining coverage rates, 1990 and 2001

Chart 4: Centralisation of wage bargaining, 2003
References


