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ORGANISED LABOUR - AN ACTOR OF EURO-DEMOCRATISATION, EURO-TECHNOCRACY OR RE-NATIONALISATION?

Trade-union strategies concerning the European integration process

by

Roland ERNE

Thesis submitted for assessment with
A view to obtaining the Degree of Doctor of the
European University Institute

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Florence, June 2004
Für meine Eltern
I. Introduction ..............................................................................................................6

II. Approaching a Euro-democracy ..............................................................................10
   A. Is a democratic EU polity possible? .................................................................11
   B. Exploring future EU-polity developments .......................................................20
   C. Trade unions: An actor of Euro-democratisation? ...........................................29

III. Do unions have an interest in Euro-democratisation? ........................................34
   A. Power resources of trade-unions .....................................................................34
   B. Trade-union power resources within the EU polity .........................................40
   C. Which EU polity development would favour labour interests? .......................51

IV. Research design .....................................................................................................58
   A. The logic of this qualitative, comparative multi-level inquiry .........................58
   B. Case study selection .........................................................................................61
   C. Sources and research methods .........................................................................64

V. Collective bargaining: The tension between national competition and
   European coordination ..............................................................................................65
   A. The (deficient) European politics of collective wage bargaining .....................66
   B. The strategic wage bargaining dilemmas of organised labour .........................73

VI. National “Competetive Corporatism” ......................................................................77
   A. Real wage and productivity developments in the EU ........................................78
   B. No wage moderation .........................................................................................84
   C. Structural wage moderation ............................................................................90
   D. Bargained wage moderation ..........................................................................93
   E. Conclusion .......................................................................................................103

VII. European wage bargaining coordination .................................................................108
   A. European coordination and national autonomy ...............................................110
   B. European benchmarks and national competitiveness .......................................130
   C. Bargaining coordination, Euro-technocracy and Euro-democratisation. 162
VIII. Transnational company mergers: the tension between
“Euro-technocracy” and “Euro-democratisation” ................................. 166
A. THE (STRONG) EUROPEAN POLITICS OF MERGER CONTROL ..................... 167
B. THE ROLE OF ORGANISED LABOUR IN THE EU COMPETITION POLICY ................. 175

IX. The ABB-Alstom merger case ............................................................ 181
A. TOWARDS SUPRANATIONAL MANAGEMENT STRUCTURES? ...................... 182
B. TRANSNATIONAL PRE-MERGER TRADE-UNION ACTIVITIES ......................... 190
C. THE ABB ALSTOM MERGER TRADE-UNION ACTIVITIES ............................... 198
D. CONCLUSION ............................................................................................... 226

X. The Alcan-Pechiney-Algroup Merger case ............................................. 229
A. TOWARDS SUPRANATIONAL MANAGEMENT STRUCTURES? ...................... 231
B. TRANSNATIONAL PRE-MERGER TRADE-UNION ACTIVITIES ......................... 245
C. THE APA MERGER TRADE-UNION ACTIVITIES ......................................... 257
D. CONCLUSION ............................................................................................... 300

XI. Comparing the APA and the ABB/Alstom cases ................................. 303
A. EXPLAINING THE EUROPEANISATION OF ORGANISED LABOUR.................. 304
B. THE CHOICE BETWEEN EURO-TECHNOCRACY AND EURO-DEMOCRACY .................. 308

XII. Conclusion .............................................................................................. 311

XIII Appendix .................................................................................................. 314
A. INTERVIEWS .................................................................................................. 314
B. PARTICIPATIVE OBSERVATIONS ................................................................... 320
C. BIBLIOGRAPHY ............................................................................................. 321
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I. INTRODUCTION

This thesis addresses two questions: first, has there emerged in Europe a system of industrial relations which crosses national boundaries? Secondly, does organised labour contribute to the process of democratisation of the European Union? Scholars have argued that the EU cannot be democratised because there is no European society as such, no European network of intermediate social institutions, no European public sphere, no European *demos* and no Euro-democratic citizens’ movement.¹ This thesis has discovered evidence to the contrary.

It is generally acknowledged that the existing governance structures and mechanism of the EU “are not able to provide democratic legitimation for the EU polity as a whole” (Héritier 1999: 208; European Commission 2003a: 38). Indeed, a democratic *polis* needs, according to Lepsius, in addition to its constitutional bodies, a tight network of intermediate social institutions and organisations such as, for example, the unions, other civil society organisations and the mass media. These offer the possibility of a larger amount of participation in the political system for the citizens and thus an increase in its legitimisation. As a result, the constitution of a European industrial relations system is linked to the constitution of a European democracy, although political and social actors, such as the unions, almost never conceive of democratisation as a goal in its own right. Social actors usually support democratisation only if they expect that a more democratic polity will provide a better framework for the satisfaction of their interests.

The EU is neither a fixed nor an autocratic polity. It follows that EU-democratisation differs significantly from previous national experiences. Unlike the corresponding national processes, it can hardly be analysed as a transition from authoritarian rule to democracy in an established state (Schmitter 2000). For that reason nation-state based theories of democratisation can only partially serve as a reference. Moreover, most European integration theories also neglect the concept of Euro-democratisation; this is partly due to their output-oriented understanding of EU legitimacy, partly due to their focus on elitist EU-level actors. In turn, the prospects of a more democratic EU are widely discussed in political theory (Habermas 1992: 632-60; Kleger 1997; Abromeit 1998). However, while we have already argued that a “transnational

would be an essential normative objective, it is much more
difficult to explain why and under which conditions social actors would pursue, consciously
or unconsciously, a Euro-democratisation strategy. Therefore, I do not wish to add another
more or less sophisticated blueprint of a future Euro-democracy to the theoretical debate, but
aim to analyse one potential actor of Euro-democratisation, namely organised labour.

The democratic political systems allowed organised labour to shift the class conflict from the
market place to the political arena, where the workers’ strength lies in their sheer numbers
(Esping-Andersen and Korpi 1984). But even if unions may have played an important role in
national democratisation processes (Stedman Jones 1983: 178; Rueschemeyer, Huber
Stephens, and Stephens 1992), this does not necessarily promise a similar role for them at the
EU-level. Whereas authoritarian regimes force unions to take part in democratisation
movements because they typically repress independent trade-union activities, the institutional
setting of the EU also provides alternative options for organised labour. For this reason, this
thesis assesses the various, “deliberately chosen” or “emergent” (Stråth 1990: 3), strategies
that unions can adopt to influence the transformation of governance in the EU.

It would be good now to identify these various options. Numerous studies emphasize that EU-
level trade unionism is primarily based on a union "diplomacy", exclusive to union executives
and experts (Turner 1996; Dølvik 1997; Gobin 1996; Pernot 2001). These activities were
partly successful, given the implementation of some achievements, such as the Maastricht
social protocol. These successes may be explained by a compatibility of this type of union
action with the EU institutions’ technocratic mode of governance (Joerges and Vos 1999).
Indeed, the EU institutions may favour “procedural” trade-union participation in EU policy-
making, because they require the unions’ compliance, expertise and legitimacy to act in some
policy fields, such as social and employment policy (Smismans 2001; Keller 2001). For this
reason, Euro-technocratisation could also be a promising strategy of organised labour.

However, given the persuasive impact of neo-liberal ideology on the EU’s economic policy,
the unions could also reject the EU integration process as a “capitalist project” and try to
pursue a national democratic welfare state strategy. Despite its internationalist ideology,

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2 The adjective transnational refers to flows and networks that transcend national boundaries and, therefore,
question the autonomy of national systems (Pearsall 1998; Anderson 2002). In contrast, the term
international describes the interactions between autonomous national systems.
organised labour’s history is profoundly linked to the nation state. Diverging national arrangements in the field of industrial relations and welfare (Crouch 1993; Esping-Anderson 1990) integrated the working classes and their organisations into their nation states and provided them with an important set of rights and benefits (Visser 1996). Therefore, Pasture and Verberckmoes conclude that the trade union movement “cannot afford to reject the appeal of national identity” (1998: 23). Yet, the national democratic “re-nationalisation” strategy seems to be losing its viability, because national social democratic policies face firm restrictions within the increasingly integrated European and global economy (Sassoon 1997: 558; Gray 2000). In turn, a technocratic re-nationalisation strategy may emerge (Streeck 1999) characterised by social pacts that aim to enhance national competitiveness (Rhodes 1997). Accordingly, a national “competition state” (Cerny 1990), would replace the national welfare state and the unions would pursue a technocratic re-nationalisation strategy.

The rising constraints on social democratic policies at the national level could also motivate the unions to Europeanise their activities. In fact, to some extent a growing Europeanisation of rank-and-file union activities can be observed, as demonstrated by the recent increase in European demonstrations (Lefebvre 2002). As political mobilisation frequently went from “contestation to democracy” at the national level (Giugni, McAdam, and Tilly 1998), a similar process is plausible at the EU level, too. Democratisation requires a feeling of communality among its citizens. It follows that organised labour could contribute to Europeanisation, if it encouraged European collective action and the rise of a European public sphere (Habermas 1992: 650). People start recognising that they belong to the same political system as soon as they begin to act together, even if they might contest its policies. European collective action would also contribute to the rise of a European public sphere and to a politicisation of the EU-integration process (Imig and Tarrow 2001). Likewise, Richard Hyman argued that supporting the emergence and consolidation of a European civil society and citizenship should be an important task for unions (Hyman 2001: 175).

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3 Note that the verb “to nationalise” has different meanings in English: first, the transfer of a branch of industry from private to state ownership and, second, “make distinctively national: give a national character to: in the 13th and 14th centuries the church designs were further nationalized” (Pearsall 1998: 1233). In this thesis the term re-nationalisation is used to refer to its second meaning, as a concept that is opposed to Europeanisation.
This thesis aims to identify first, the various strategic options of organised labour facing the tensions between “national competition” and “European coordination” on one hand, and “democratic” and “technocratic” decision-making, on the other. This leads to a typology of four possible EU-polity strategies of any social and political actor, i.e. Euro-democratisation, Euro-technocracy, democratic and technocratic re-nationalisation. Then this schema will be set to work in several comparative studies of the contradictory performance of various unions in central fields of their every-day activities. Hence, this thesis does not study union statements with regard to the ongoing EU reform process, as every union rhetorically supports a more “social and democratic” EU. In the event that a union is, deliberately or intuitively, adopting a Euro-democratisation strategy, it must be evident in its most important activities. Therefore, this thesis will focus on two subject areas that belong to the core of union politics, namely collective bargaining and job protection during company restructurings:

The first paired comparison assesses the tension between the “competitive bargaining” policies of national unions, seeking a competitive advantage for their respective economies, and the conflicting attempts by the European Metalworkers’ Federation (EMF) and the European Federation of Building and Woodworkers’ (EFBWW) to foster a European-wide coordination of national bargaining policies.

The second paired comparison analyses the tension between the unions’ technocratic and a democratic EU policy-making in two recent transnational company merger cases. Whereas the European workers’ representatives of ABB and Alstom tried to politicise the ABB-Alstom-Power merger case and insisted on a democratisation of the EU Commission’s merger-control policy, the European workers’ representatives of Alcan, Pechiney and Algroup adopted in their company merger case a strategy that was totally compatible with the technocratic approach of the Commission’s competition policy.

First, however, the thesis starts with an overview of the central ideas in the Euro-democratisation debate and the potential interests of the labour movement in it; as the trade unions – it must be reiterated – almost certainly do not view Euro-democratisation as a goal in its own right. Therefore, I will also assess the power resources of the unions at the EU-level and compare them with the various strategies that organised labour could adopt with regard to the European integration process.
II. APPROACHING A EURO-DEMOCRACY

After the fall of numerous dictatorships in the 1990s democracy would seem to be the only uncontested form of government left, at least, in most parts of the world. But despite this “global resurgence of democracy” (Diamond and Plattner 1996), there is also a fundamental crisis of democracy in many states, caused in particular by the following two factors.

Since most nation-states have become too small by themselves to regulate the global market, to maintain peace and to conserve the global environment they have, in recent decades, delegated fields of competencies in many policy areas to supranational organisations. The most obvious example of such an organisation is the EU, especially since the introduction of the single European currency. However, to date, there has been little participation by citizens in this process, shown by the lack of a developed European public sphere or democratic forms of participation and legitimisation at a supranational level. For this reason, the shift of national competencies to a supranational level also causes an erosion of democracy (Grimm 1992; Guéhenno 1994).

The second crisis in contemporary democracies lies within nation-states. Citizens increasingly perceive political practice as being determined by technocrats, disconnected party leaders and corporate lobbyists (Crouch 2000b). This results in citizens' increasingly feeling that they have been pushed into the role of powerless spectators. This development is at odds with an increasing desire of citizens to be directly involved in the political process, mirroring the democratisation of education and the rise of information and communication technologies (Budge 1996).

This twofold crisis of democracy carries real dangers, which could deprive democracy of its central claim: to obey no external laws other than those to which the citizens have given consent (Kant 1984: 11). The French political scientist Jean-Marie Guéhenno (1994) has even foreseen the "end of democracy", in the light of the diminishing importance of the democratic nation-state and the growing importance of technocratic decision-making.  

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4 The term “supranational” refers to organisations – such as the EU or a multinational company – that have power over national organisations. Thus, supranational organisations not only question the autonomy but also the formal authority of national organisations (Leibfried and Pierson 2000).

5 Of course, so-called “realistic”, “liberal-democratic” or “polyarchic” scholars of democracy might argue that
A. Is a democratic EU polity possible?

It is not surprising that the so-called "democratic deficit" of the EU is discussed. Ever since the far-reaching contestation of the Maastricht Treaty in several national referenda, almost all official announcements referring to the following Inter-Governmental Conferences pointed out that the EU’s democratic legitimisation must be strengthened, to make it more acceptable. However, many EU institutions and politicians used the notion of a democratic Europe of the citizens fairly rhetorically. While many EU politicians acknowledge the need for enhanced citizen involvement in EU politics, at the same time they also fear that citizen participation could question their prerogatives and privileges and lead to undesired outcomes. Nobody rejects the idea of a Europe of the citizens, but its concrete meaning can vary substantially. While for the Commission even the uniform EU-driving licence is an element of a Citizens’ Europe, others called for a more direct democratic Europe and considered the introduction of EU-wide referenda (Hug 2002; Schmitter 2000; Abromeit 1998).

However, the difficulty of EU democratisation not only reflects the scepticism of the actual EU-decision makers who fear a loss of their prerogatives, it also reflects fundamentally diverging conceptual approaches to the question of Euro-democracy. In fact, most sociologists, political scientist and philosophers also disagree on how to achieve a more

the above quoted Kantian normative claim does not apply to any modern democracy (Schumpeter 1954; Dahl 1989). However, this does not justify ignoring the crisis facing democracy. It not only questions radical democratic theory (Rousseau 2001; Barber 1984), but also the essential features of liberal democracy: i.e. the responsiveness and the accountability of the political representatives to the citizens, and vice versa, the access and the participation of citizens to the decision-making process. How can governments be responsive to citizens if the processes of globalisation and Europeanisation are undermining the autonomy of the nation-state? How can governments be held accountable if the levels of decision-making and implementation are not clearly defined? How can citizens have access to the political decision-making process if it increasingly takes place outside of the realm of the democratically constituted nation-state?

6 Cf. the French conservative pro-European politician Jean-Louis Bourlanges who stated that "les Quinze veulent simultanément la réforme et le status quo" (Bourlanges 1996).

7 In addition, these direct-democratic propositions differ. While some authors argued that a European referendum should be held only to ratify a future constitution or if the European Parliament submitted a subject to a popular consultation (Schmitter 2000), others proposed that a quorum of citizens should be able to initiate a referendum from below (Abromeit 1998; Gross 1998; Schiller 1995; Hautala, Kaufmann, and Wallis 2002; see also the web pages of the "European Referendum Campaign": http://www.european-referendum.org and the “Initiative and Referendum Institute Europe”: http://www.iri-europe.org/).
democratic European Union. Whereas sceptics argued that only a Europe of the nations would be legitimate, others claimed that supranational EU policy-making could also be democratic.

1. The Europe of the nations

There are, first, EU democracy sceptical perspectives, which advocate the "re-nationalisation" of European politics (Lepsius 1993a; Lepsius 1993b; Thibaud 1992; Grimm 1995). These authors see Euro-democracy as practically impossible due to the absence of both a European public sphere and a “European demos”, given the existing national cultural, linguistic and political differences within the EU.\(^8\) Because it is not possible to discuss every individual contribution of the respective literature here, this section assesses the argumentation of the German sociologist Rainer M. Lepsius, as he is very much representative of this line of thought.

The institutional order of the EU reminds Lepsius of the constitution of the German Reich in 1871. Like this alliance of princes and Hanseatic towns, the EU was founded by treaties of the heads of state and not by a constitutional act of the people. In both processes it can be observed that the accumulation of competence at the Reich or EU-level is way ahead of any democratic constitutional development. Additionally, the EU, like the former German Reich, can be characterised as a political regime run by bureaucratic elites. In the two most important EU institutions, the Commission and the Council of Ministers, European and national civil service officers play the main roles. However, in both cases, the parliament with its limited competence, created for the extra representation of the people, was unable to overcome the predominance of these bureaucratic elites. Lepsius now fears that the EU faces constitutional conflicts similar to those of the German Reich (Weber 1985), since the asymmetrical development of legislative sovereignty and democratic legitimisation implies a crucial tension (Lepsius 1993a: 266). Nevertheless, and this is what Lepsius believes, no direct conclusion

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\(^8\) It should be noted, however, that Grimm did not categorically exclude the rise of a European public sphere in the future. A democratic EU would, above all, require a European-wide media and increased language skills of the citizens, rather than “European” Parliament elections, which in fact largely remained national given the absence of a European political party system. On the contrary, Grimm acknowledged that the situation could be different in case of EU-wide referenda, because it would be easier to Europeanise a single-issue debate compared to the Europeanisation of a whole party system: "Europäische Plebiszite über Sachthemen könnten etwas bewirken" (Grimm 1999).
for European integration can be made from these historical memories, even if they point to a real problem today.

According to Lepsius, the basic problem of the EU is the Janus-faced structure of the European institutional order. He emphasises that the EU is both an international and a supranational organisation, in other words, both a confederation of independent states “Staatenbund” and a federation of federated states “Bundesstaat”. Therefore, a far-reaching parliamentarisation of the EU legislation would not be able to avoid the danger of constitutional conflict. Even though the strengthening of competence of the European parliament parallel to the extension of competence for the EU would actually correspond to democratic precepts and the way in which the European Parliament views itself, this project invariably encounters barriers as soon as the governments of the member states seek to maintain their status as masters of the treaties. According to Lepsius the pièce de résistance of any democratisation perspective for the EU lies in the tension produced by this double legitimisation structure. Hence, if constitutional conflict were to be avoided, the only solution would be to overcome the double legitimisation structure of the EU. This would imply a clear choice between either national or European democracy.

Moreover, a functioning democracy needs, according to Lepsius, not only a democratic constitution, but also a tense network of intermediate social institutions such as, for example, the trade unions, other citizens’ organisations and a free press. These offer the citizens opportunities of participation in the political system and thus increase its legitimisation. But since the standardisation of this network across Europe would not be likely to happen, especially due to the different history, cultures and languages of the individual European nation-states, the nation-state remains for Lepsius, at least for the next few decades, the only expression of the democratic will of the people. Since European unification could not be based on the model of the European nation-state, the parliamentary democratisation model of the 19th century does not provide a framework for overcoming the EU's double legitimisation structure. It follows for Lepsius that the model of a European federal state does not represent a reference for the democratisation of the EU, because it cannot be created without breaking up and superimposing the manifold structures and particularities of the single European nation-states. This would imply "dissolving the legitimisation basis of Western European nation-states, their respective 'demos'" (Lepsius 1990: 254), because a democratic system is by no means legitimised only through parties, elections, and parliaments. The subsidiarity
principle or federal structure of a decentralised European federal state might help to improve this problem by the delegation of European decision-making competence back to the national or regional level, but the main problem of the democratic legitimisation of European politics cannot be solved in this way (Lepsius 1993b).

2. The Europe of technocratic efficiency

While sharing much of the preceding, sceptical view concerning a genuine EU democracy, several authors have tried to legitimise the EU pointing to its assumed beneficial policy outcomes (Majone 1994b; Scharpf 1996; Jachtenfuchs 1999). They suggest that efficiency and not democracy should be seen as the legitimate basis of the EU polity. From this point of view democratisation, which would imply a politicisation of the EU-decision-making, might even be a problem for the EU, because it could be dysfunctional with "effective" European governance. This approach was present during the whole history of the European integration process, although Patrick Ziltener argued that the European single market project significantly reinforced the technocratic mode of European governance (Ziltener 1999). Nonetheless, Jacques Delors’ expression of “enlightened despotism” (Delors 1993) qualifies not only current concepts of “regulatory” EU-decision-making, but also Jean Monnet’s original “functionalist” EEC-integration method (Haas 1968).

The advocates of regulatory EU-decision-making, such as (Majone 1994b), acknowledge that its technocratic mode of functioning raises the problem of democratic accountability. However, they paradoxically argue that regulatory decision-making would be nonetheless legitimate, if compared with the assumed negative consequences of the "election pressures" for the "quality of legislation" (Majone 1994b: 94). It follows that the existence of an objective and universal criteria for the definition of the decision-making "quality" is taken for granted. However, if the citizens have divergent preferences, as they almost always have, this assumption turns out to be problematic: What would be a "good" regulation for one citizen/subject would be a "bad" one for another. Therefore, the democratic process is essentially a conflict regulation mechanism and not a means to produce the "good". Another core assumption of regulatory decision-making is also questionable, namely the assumed

---

9 It is a truism that democratic revolutions frequently arise at moments when people started to believe that their own preferences conflict with the dominant definition of the "good" as stipulated by their rulers, however "enlightened" they were.
impartiality of the decision makers. In fact, regulative agencies tend to be shaped and captured by powerful political actors and ideologies. Correspondingly, J. J. H. Weiler accurately emphasised that technocratic regulations "often masks ideological choices which are not debated and subject to public scrutiny beyond the immediate interests related to the regulatory management area" (Weiler, Haltern, and Mayer 1995: 33).

Nevertheless, the quality of the policy outcomes of a specific polity is important. Therefore, Fritz W. Scharpf introduced the concept of an “output-oriented democracy” to account for such an outcome-oriented view of political legitimacy (Scharpf 1975). He shares Schumpeter’s “realistic” critique of the normative assumptions of democracy, as he perceives democracy merely as an elite selection process that is cut off from the aspirations and preferences of the citizens (Schumpeter 1954). Consequently, only the alleged “rationality” of “innovative” elites themselves could guarantee the public good, as critically noticed by Habermas:

“Da die konkurrierenden Führungsgruppen in ihren Zielsetzungen durch das unspezifische und hoch aggregierte Vertrauen passiver Wählermassen nicht mehr festgelegt sind, kann nur noch die Rationalität der entscheidungsfähigen und innovationsbereiten Eliten selber eine gemeinwohlorientierte Erfüllung staatlicher Funktionen verbürgen. Daraus entsteht das Bild eines von der Gemeinschaft relativ unabhängig operieren Verwaltungssystems, das sich die erforderliche Massenloyalität beschafft und die politischen Zielfunktionen mehr oder weniger selber bestimmt” (Habermas 1992: 403).

Be that as it may, Scharpf’s “output-oriented democracy” is a misleading oxymoron. Either policy outcomes are “good” because they please a democratic majority, which corresponds to the established input-oriented understanding of democracy,\(^\text{10}\) or they are “good” because they result from a “rational”, decision-making process by experts and technocrats pursuing predefined objectives, which have actually nothing to do with democratic politics. According to Scharpf’s definition, even a dictatorship could be democratic provided it produces the desired results. Scharpf’s desire to attribute the pleasant word of democracy also to technocratic decision-making processes of the modern state is understandable. However, one would be better advised to use the term technocracy to describe this type of decision-making (cf. Koch and Senghaas 1970; Dubois and Dulong 1999). The term democracy is already

\(^{10}\) See Abraham Lincoln’s “government of the people, by the people, for the people” in his Gettysburg address.
blurred enough\(^\text{11}\) and would lose all its analytical qualities, if extended to the output-oriented forms of political legitimacy.

However, one should not dismiss the fact that political actors legitimise the European integration process by reason of its alleged “efficiency”. Given the questionable democratic legitimacy of the European integration process, such a technocratic legitimisation often represents its only saving grace for its supporters. Indeed, many European judges and lawyers – who cannot escape taking clear decisions – often use such “efficiency” arguments to legitimate specific European public policies and activities (cf. Joerges 2001).

3. The Europe of the citizens

Both the EU-sceptical advocates of the “Europe of the nations” and the technocratic supporters of an “efficient” EU ironically agree that “input-oriented” democracy cannot work out at the EU level. Other authors have challenged these pessimistic views and have considered the possibility of a transnational European democracy (Habermas 1998; Erne et al. 1995; Zürn 1996; Abromeit 1998; Schmitter 2000). Nevertheless, the limited attention on the part of social sciences regarding a possible “transnational democracy” is remarkable. Until the mid-1990s, these questions only triggered a relatively small number of studies (Kaufmann 1995). Robert Dahl had emphasised the urgency of a "third transformation" of democracy and its theory, in order to adapt it to the age of globalisation (1989) and Archibugi and Held (1995) speculated even about the prospects of a “cosmopolitan democracy”. By comparison, Habermas’s ambition was rather modest, as he explored the potential of a transnational democracy in the European Union context.

Habermas argues that in the future a post-national understanding of citizenship will provide the basis for a European democracy. Democratic citizenship need not be rooted in an amalgamated identity of a European \textit{demos}. It demands only, regardless of the variety of forms of social culture, the socialisation of all citizens in a common \textit{political} culture. This socialisation could be the result of the political participation of the citizens in EU politics.

In contrast to Lepsius, Habermas does not consider the Janus-faced structure of the EU as being the basic problem of the “democracy deficit” of the EU institutions. The European Union should not develop into a centralised state but into a multilingual state of different nationalities. This federation would, in the long run, be similar to a federal state; nevertheless it would "keep some characteristics of De Gaulle's 'Europe of Fatherlands’" (Habermas 1992: 644, translation by the author). Habermas is instead more concerned about the encroachments of administrative and economic power upon the public sphere within nation-states and even more so above them, as portrayed by the technocratic paradigm of an “efficient EU”. Indeed, an increasing number of political decisions are taken by transnational elites, which act as if they were in possession of “the truth”. In turn, the citizens would have almost no possibility of influencing these transnational decisions, as citizenship has been institutionalised in an effective way, thus far, only at the national level. Nevertheless, Habermas also argues that Euro-technocracy is avoidable and that a gradually developing, post-national, European public sphere and citizenship could provide the basis for a new European democracy:

"democratic citizenship need not be rooted in the national identity of a people; despite the variety of forms of life, it demands the socialisation of all citizens in a common political culture.” (Habermas 1992: 643, translation by the author).

With this, Habermas breaks with the preconditions of the classical theory of democracy, namely, the immediate link between citizen and nation-state. Habermas’ deliberative theory of democracy instead allows for a conception of civic autonomy, which is not linked to a nation in the sense of an ethnically homogenous “community of fate”. This conclusion also appears to be plausible because the concept of citizenship was originally tailored to the needs and scopes of cities or city-states and was only linked to the nation due to the national democratic movements of the 18th and 19th centuries (Koselleck and Schreiner 1994).

Moreover, the development and democratisation of the territorial nation-states during the past two centuries can be seen as the result of a political mobilisation of the population and their increased mobility. The economic integration of Europe would also lead to a greater horizontal mobility. This would justify optimistic conclusions in view of similar developments at the European level. The European integration process would multiply the contacts between members of different nationalities and Europe would become more multicultural. With this development, Europeanisation pressures would grow due to problems that can no longer be solved at the national level. Eventually, the increasing necessity for
coordinated European solutions could "develop communication connections in European 
public spheres which could form a favourable context for the parliamentary corporations of 
regions that newly are growing together as well as for the European Parliament equipped with 
stronger competence" (Habermas 1992: 650, translation by the author).

The comparison between previous national and the actual European integration processes 
could be promising. The “constitution of federal sovereignty” (Goldstein 2001) at the national 
level was also a difficult process. It implied a considerable transformation of democracy 
itself, i.e. from the local “town hall” democracy of the city-state to the representative 
democracy of the nation-state. Hence, the analysis of historical nationalisation processes 
could also provide us with constructive hypothesis regarding the process of Europeanisation. 
However, Habermas' speculations about the prospects of a future European democracy do not 
appear to be founded on robust empirical research. While numerous empirical studies support 
his claim that economic integration multiplied transnational contacts in Europe and 
contributed to decreasing autonomy of national welfare states (Leibfried and Pierson 2000), it 
is an open question whether the emerging tensions of this process promote the expected 
political mobilisation of the European populations as well as the creation of a transnational 
public sphere and citizenry. Lepsius also argues that only a “Europe of nations” could 
preserve democracy. However, this is not very convincing, given the economic pressures 
 deriving from the European Single Market and Monetary Union. In this socio-economic 
context a re-nationalisation of politics would hardly lead to a more democratic polity. In fact, 
democracy not only requires formal democratic procedures, but also the capacity of the 
concerned polity to enforce them (Schmitter 2000: 4).

It is obviously not enough to postulate, with Habermas, a European political public sphere. 
Even if he acknowledges that the question of concrete and institutionalised possibilities of 
participation for citizens in politics is important, his book Faktizität und Geltung tackles this 
question only in two sentences.\textsuperscript{12} The difficulties usually arise in the process of concretisation 
of theoretical concepts. The three questions, "Is a democratic EU polity necessary?" "Is it

\textsuperscript{12} "Gegen die Vermachtung der politischen Öffentlichkeit richten sich die bekannten Vorschläge zur 
Verankerung plebiszitärer Elemente in der Verfassung (Volksabstimmung, Volksinitiative, usw.), auch die 
Vorschläge zur Einführung basisdemokratischer Verfahren (bei Kandidatenaufstellung, innerparteilicher 
Willensbildung usw.). Die Versuche zu einer stärkeren Konstitutionalisierung der Macht der Medien zielen 
in die gleiche Richtung" (Habermas 1992: 533).
possible?" and "What would a EU democracy look like?" require not only further reasoning but also empirical analysis of potential actors of Euro-democratisation.

Nevertheless, one should not dismiss the potential role of democratic ideals and intellectuals in democratisation processes, in particular in its early stages. O’Donnell and Schmitter argued that artists and intellectuals are usually the first to manifest public opposition to authoritarian rule (O’Donnell and Schmitter 1986: 49). Even if these actions only penetrate semi-public forums, such as universities and intellectual journals, it may contribute to the re-emergence of political identities, which may afterwards revive collective identifications. Finally, this may lead to an explosion of a highly politicised society, in which all of the different claims and demands seems to converge in one slogan “we are the people”. Within a process of Euro-democratisation, intellectuals could also play an important role. As discussed above, Euro-democratisation is not likely simply to follow the known trajectory of national democratisation processes. This implies that theoretical speculations do matter when they attempt to discover and explore possible future Euro-democratic development. Hence, this thesis does not contrast Euro-democratic theory building against an equally essential EU-wide “democratic mass-movement” (Greven 1998; Narr 1997). Accordingly, one should read the following closing lines of Heidrun Abromeit’s Euro-democracy book not as a conclusion but as an invitation for further empirical studies:

"Little chance of effective governance seems to be left for nation-states and little chance of democracy for supranational governance. Yet as for the latter, the main thing lacking may perhaps be an inventive mood. Something, at any rate, will have to be done." (Abromeit 1998: 169).

In fact, the following core question remains unanswered: Who will have to do “something”\textsuperscript{1}? Can we identify potential actors of Euro-democratisation? Who has an interest in constructing a EU polity, which establishes a more accountable European political system, guaranteeing better access to, and more participation for European citizens?
B. Exploring future EU-polity developments

Processes of democratisation always require a redistribution of power. Rulers have therefore rarely initiated them. The democratisation of the EU is thus only likely to take place if social forces, such as political parties and social movements, are willing to work in this direction. Processes of democratisation have been pushed further by grass roots social mobilisations (O'Donnell and Schmitter 1986:48-56). But it is also true to say that new political and social rights have at times been implemented by rulers: the democratisation literature emphasising the role of elites in such processes is considerable (ibid.: 37-47). The success of a democratic transition often depends on successful pacts between the soft-liners of the ruling elite and the opposition. The ruling elites of undemocratic systems proved often to be much less monolithic than one might think. Indeed, parts of the old elite might be willing to change their attitudes, since this might also improve their probability of staying in a leading position. Nevertheless, even these “top-down” democratisation processes can be explained as responses to latent social and political protest. Adler and Webster’s study of the South African “transition to democracy” correctly emphasised the role of trade unions and other social movements “in creating the conditions leading to transitions as well as using their intelligence and other resources in shaping the form and content of the transition to promote their objectives of democracy and equality” (Adler and Webster 1995: 99).

In the case of the European Union this implies that democratisation will only be possible when it becomes a goal toward which both social and political actors work. In other words, the constitution of a democratic and social European polity, as postulated by Habermas and others, is only likely to happen to the extent that social and political mass movements come to share this objective. In turn, the moderates of the ruling elites could compromise on Euro-democratisation to consolidate the European integration process. However, the EU

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14 Ruling elites support democratisation processes in order to contain their effects, as brilliantly illustrated in Count Giuseppe de Lampedusa’s novel and Count Luchino Visconti’s film “The Leopard”. The two aristocrats portray how a young Sicilian aristocrat, Tancredi, joins the 1860 insurrection of Garibaldi saying: “if we want everything to remain the same, everything must change.” It would be better to support the Piedmontese monarchy than to end up with a republic.
democratisation process differs from previous national experiences. Unlike the corresponding national processes, it can hardly be analysed as a transition from authoritarian rule to democracy in an established state since the EU is neither a fixed nor an autocratic polity. Hence, the nation-state based theories of democratisation can only partly serve as a reference for a Euro-democratisation process (Schmitter 2000).

Likewise, the idea of democratisation plays virtually no role in the theories of European integration. EU-democratisation has by definition no place in intergovernmental integration theories. The EU is democratic, because its member states are democratic (Milward 2000). Hence, the “democratic deficit” of the EU would is a “myth” (Moravcsik 2001). Conversely, the so-called "neo-functionalists" were afraid of a premature politicisation of the European integration process, because they feared that this could block further integration (Haas 1968). They saw further integration as a product of the incremental political action of elites carried out behind the backs of the European citizens. The prospect of a democratic EU is discussed only in federalist integration theories although Euro-democratisation, in this context, is often essentially a mere normative claim. While federalists often may reasonably argue for the foundation of a European federation, they find it difficult to explain why such a "big bang" would be likely to happen. However, it is also worth noting that some federalists adopted a more promising research profile: namely the comparison of past federation processes with the current EU integration process (Gross 1998; Goldstein 2001). Nevertheless, Euro-democratisation still represents a rather underdeveloped research area. This is also the case because Euro-democratisation is arguably neither the only possible nor the most probable actor strategy regarding the future development of the EU (Marks et al. 1996).
1. Strategies to shape future EU-development

In the following, *Euro-democratisation* will be compared with other strategies that actors might adopt in relation to the development of a European polity: i.e. *Euro-technocratisation* and national retrenchment or “*re-nationalisation*”. While *re-nationalisation* is easily defined as a process in which EU competencies are increasingly re-established at the nation-state level, *Euro-technocratisation* describes a process leading to an expansion of the "apolitical" decision-making by EU-level "experts", disconnected from partisan politics. The following figure 1 clarifies the relationship between those various actor strategies.

Figure 1: Various European actor strategies

This typology provides us with an analytical framework, which facilitates the analysis of the various strategies that actors can pursue regarding the future European integration process. Nevertheless, this typology should not be read as an instruction manual for political action. Real-life actors can hardly afford to pursue a simple, single, consistent, clear-cut strategy, because real situations are hardly ever clear-cut (Crouch and Farrell 2002).
Likewise, the typology does not aim to put every actor into one specific category, because this would necessarily entail the use of “sexed up” or "stylised” evidence to ensure that a specific real-life case fits into the desired box.\textsuperscript{15} However, this does not mean that one has to give up using clear-cut typologies, as suggested by Jon Erik Døvik (2001).\textsuperscript{16} In fact, with clear frameworks it is easier to explain the incongruencies and ambiguities of each analysed case. Hence, the above typology is not a \textit{heuristic} tool. There is no aspiration to put all my cases into a specific Euro-democratisation, Euro-technocracy or re-nationalisation box. The aim is to use the typology as an \textit{analytical} tool, to reveal – in each case study – the inherent tensions, incoherencies and incongruities, which facilitate institutional change.

No social system is free from incoherencies and incongruities. In the case of the EU, this is even more evident. Its laws and policies mirror compromises between a wide range of various national, social and political backgrounds. Yet one view usually becomes the dominant one, due to the joint efforts of the dominant political and social actors and the European courts. But latent alternatives continue to persist. Under the surface of the dominant institutional setting, "redundancies, previously unknown capacities, and incongruencies" persist. In fact, even in the technocratic EC competition policy, democratic “redundancies” continue to exist. This can facilitate institutional change, if actors succeed in mobilising these "fruitful incongruencies". These contradictions provide actors with means through which they may seek to break the path of the EU’s institutional development (cf. Crouch and Farrell 2002: 4).

\textsuperscript{15} Cf. R. Hyman (2001), who deliberately uses “stylised” evidence from the UK, Germany and Italy to illustrate his fine typology of “business and class”, “civil-society and class” and “business and civil-society” unionism.

\textsuperscript{16} In fact, J. E. Døvik criticised this classification, since the “re-nationalisation” and the “Europeanisation” of trade unions would actually represent “two sides of the same coin” (2001).
2. Indicators of alternative EU polity developments

Non-governmental organisations may add to the democratic character of the European Union (Cohen and Arato 1992; Habermas 1992; Smismans 2001; Curtin 2003). However, the often rather narrow self-interests of NGOs do not fit very well into the Habermasian normative paradigm of deliberative “democracy” and “civil society”. In fact, Habermas defines civil society as an autonomous sphere from the economy and the state, based on deliberation or “arguing” rather than political and economic power struggles or bargaining (Heinelt 2002). However, this is not a huge problem, as social and political actors hardly ever conceive of democratisation as a goal in its own right. That is to say, they usually favour democratisation if they expect that a more democratic polity will provide a framework in which their interests can be better satisfied.\(^{17}\)

This implies that the strategies that actors might adopt to influence the EU integration process are not predetermined. Likewise, democracy, i.e. the “regime of autonomy”, is not the only possible outcome of modernisation. In fact, technocracy, i.e. the regime of rational mastery, resulted from the same process of modernity (P. Wagner 2001: 4). This claim also interrogates the authors, who argued that specific social classes or groups are genuine proponents of democracy, be it the urban middle class, the working class or the new social movements.\(^{18}\) In contrast, it seems that the interest of an actor in Euro-democratisation, Euro-technocracy and re-nationalisation depends on its role in the policy-making process; the more “access” an actor has to the decision-making process, the less the interest an actor has in its democratisation.

\(^{17}\) It follows that Gramsci (1992) and Kocka (2000) use a concept of “civil society” that is analytically more useful for the purpose of this thesis. It acknowledges the interdependence of civil society with the economy and the state and thus, sees civil society not only an area of democratic deliberation and consensus, but also of economic, political and ideological struggle (cf. Ehrenberg 1999; Altvater 1995; Nielson 1995).

In order to analyse the various European actor strategies one must identify the concrete actions that add up to the respective strategies. Hence, it is necessary to “operationalise” my typology, according to the rather awkward jargon of the social sciences. Therefore, table 1 below specifies the key elements, or “indicators”, of each of the various EU-polity actor strategies. By this means, the following model aims to distinguish the likely contributors and inhibitors to the democratisation of the EU.

Table 1: Indicators of actor strategies regarding future EU polity developments

<table>
<thead>
<tr>
<th></th>
<th>Euro-democratisation</th>
<th>Euro-technocratisation</th>
<th>Democratic Re-nationalisation</th>
<th>Technocratic Re-nationalisation</th>
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<tbody>
<tr>
<td>Creating a European public sphere</td>
<td>+</td>
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<tr>
<td>Organising European collective action</td>
<td>+</td>
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<tr>
<td>Supporting regulatory EU-decision-making</td>
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<td></td>
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<tr>
<td>Encouraging competition state nationalism</td>
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<tr>
<td>Affirming the autonomy of the nation state</td>
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<td>+</td>
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<tr>
<td>Rejecting the EU-integration process</td>
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<tr>
<td>Politicising the EU-integration process</td>
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<tr>
<td>Developing Euro-democratic convictions</td>
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According to this model, a social and political actor contributes to the process of Euro-democratisation, if it contributes to the rise of a European public sphere. Democracy
requires a public sphere in which political leaders are obliged to legitimise their political actions. Governments can only be held accountable if they are obliged to legitimise their actions publicly. The mere existence of a space of communication is not sufficient. The public sphere is more than that. It can be defined as an aggregation of different, publicly accessible, intermediate arenas, which include ordinary citizens as well as the political power. These arenas offer people – mainly via their organisations – the possibility to hold government accountable and to participate in the political system. Hence, the realm of the public sphere within a developed Euro-democracy can hardly be limited to the partial “public” sphere of the 50,000 Euro-professionals (Wolton 1993).

A social actor also promotes Euro-democracy if it encourages European collective action. While Habermas questions the necessity of a pre-existing "national unity" (Rustow 1970) or a "demos" (Grimm 1995) as a condition of democracy, democracy still requires a minimal feeling of communality among its citizens. The European citizens should recognise that they belong to a common polity. However, the question remains: how can this be achieved? This question can, of course, be answered in various ways, but it would seem likely that a common identity results from collective action. In other words the feeling of belonging to the same political system will probably come about if people act together, thus constructing a "we-feeling" or a collective habitus, according to Norbert Elias (cf. Büchi 1995). Consequently, citizens’ organisations can play an important role in the construction and reproduction of a democratic political community.

Furthermore, actors might also contribute to Euro-democracy if they are politicising the EU. This element emphasises that Euro-democratisation is only likely to happen if the process of European integration becomes political in its character. Indeed, if European political struggle is absent, there is no need to implement democracy as a mechanism of peaceful conflict regulation (Rustow 1970). However, a politicisation of the EU does not automatically lead to Euro-democratisation; it can also lead to re-nationalisation.

The development of Euro-democratic convictions is also an indicator for the adoption of a Euro-democratisation strategy. This element emphasises the importance of Euro-democratic

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19 Incidentally, states and citizenries had often been created and forged by war, which is certainly the most extreme form of collective action (Hippler 2002; Krippendorff 1985).
convictions and commitments in the process of democratisation. It may, however, be of rather limited utility, given the widespread rhetorical use of concepts like the “Citizens’ Europe”. On the contrary, while structuralists might deny the importance of democratic ideals in democratisation processes, it is nevertheless reasonable to suggest that ideas play a role, especially in the case of Euro-democratisation.

In contrast, an actor is contributing to **Euro-technocracy** if it is **supporting regulatory EU-decision-making**. The EU-lobbying research emphasises that actors, who have a direct “access” to the regulatory decision-making of EU-agencies and institutions, prefer and actively support a technocratic form of governance (Bouwen 2002). They do not support the integration of additional actors in the decision-making process, as the addition of more “voices” could reduce the impact of their own activities. This suggests that the status of an actor within the policy-making process is of major significance; whereas “insiders” generally favour a technocratic decision-making, “outsiders” frequently argue in favour of a more participatory form of government.

In turn, a social actor contributes to **technocratic re-nationalisation** if it is **encouraging competition state nationalism**. A technocratic re-nationalisation strategy can be expected, if national trade union executives question the feasibility of both national and European social democratic policy-making, given the constraints of both economic globalisation and “negative” European market integration (Scharpf 1999). Its typical sign is a particular design of social pacts, not as social democratic compromises between conflicting class interests, but as **monistic** alliances to boost the national competitiveness (cf. Rhodes 1997). As a result, a national “competition state” (Cerny 1990) would replace the welfare state. However, the adoption of a technocratic re-nationalisation strategy in one policy field, e.g. wage policy, can be compatible with the adoption of a Euro-technocratic strategy in another policy area, e.g. monetary policy.

Finally, an actor contributes to a **democratic re-nationalisation strategy** if it is **reaffirming the autonomy of the nation state**. Autonomy is the essential precondition of any democratic polity. Democracy as a system of self-determination is only possible if the respective polity has the capacity to affect the processes that shape the lives of its citizens. Governments can only be held accountable if they can implement the will of the citizens. Correspondingly,
actor that purports and reaffirms the autonomy of the nation state consolidates the *conditio sine qua non* of national democracy.

Moreover, if an actor is * politicising and rejecting the EU-integration process* as a threat for democratic decision-making, then it is also pursuing a democratic re-nationalisation strategy (cf. Lepsius 1993; Grimm 1995). In this case, the specific actor still believes in the political decision-making capacity of the nation-state, disregarding the increasing transnational interactions, which stand for the ongoing economic, political and cultural globalisation and Europeanisation processes (Altvater and Mahnkopf 1999; Held and Mc Grew 2003). Hence, the model assumes that the ongoing transformations of government in Europe influence, but do not determine, the strategic choices of social actors in relation to the EU integration process.

The above model sets out the various strategies that a social actor might, consciously or unconsciously, adopt to influence the European integration process. It does not identify a predetermined winning strategy, but provides an analytical framework for the following empirical case studies. Nevertheless, it can be stated that an actor would favour Euro-democratisation if it contributes to the making of a European public sphere, acts collectively on a European level, politicises the EU integration process and strengthens Euro-democratic beliefs. However, actors which neglect the creation of a European public sphere, which do not participate in European collective action and which try to enhance the competitiveness of their national economy to the detriment of their neighbours conduct a technocratic re-nationalisation strategy, even if they rhetorically support a “social and democratic Europe”.


C. Trade unions: an actor of Euro-democratisation?

This study examines the strategies that the trade unions, consciously or unconsciously, adopted to influence the EU integration process. First, this choice reflects the fact that it is simply not feasible to analyse thoroughly all possible contributors and inhibitors of EU-democracy in one thesis. Secondly, however, the labour movement also seems to be an interesting case, because it has played a substantial role in national democratisation processes (Cf. Hobsbawm 1984; Rueschemeyer, Huber Stephens, and Stephens 1992; Florek 1994; Thompson 1994; Adler and Webster 1995). Moreover, the European integration began essentially as an economic integration process and, as a result, trade unions were among the first citizens’ organisations to be concerned about it (Haas 1968; Gobin 1997; Pasture 2002). Therefore, they might have developed, before other citizens’ organisations, a sensitivity concerning the need for the democratisation of the EU integration process.

However, even if one assumes that past national democratisation processes favoured the unions, this does not mean that they will necessarily play a vital role in the Euro-democratisation process. In contrast to authoritarian regimes, the EU does not challenge the existence of the unions. As a result, Euro-democratisation is not directly related to the union’s most vital interest, namely, the survival of their own organisation. Whereas the repression of authoritarian regimes frequently impels unions to take part in democratisation movements, the EU institutional setting also provides different options for organised labour. In fact, re-nationalisation and EU-technocracy are also seen as available European trade union strategies. While the re-nationalisation strategy emphasises the joint interests and closed relations between national unions, employers and political leaders, the Euro-technocratic strategy aims to integrate the leading unionists in the existing technocratic European policy networks.

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20 It should be noted, however, that this is not an irrefutable position. Unions can also lose power in democratisation processes. They might not be able to use effectively the new democratic rights due to new external pressures and a new institutional context. For instance in Poland, the Solidarnosc trade union lost its role as leading political force, after the democratic transformation of 1989 (Galin 1994).
Despite its internationalist ideology, organised labour is strongly linked to the national state.\(^{21}\) This link has substantive and ideological dimensions. First, specific national arrangements in welfare and industrial relations, such as neo-corporatist social pacts, integrated the working classes into the nation state and provided them with an important set of rights and benefits (Crouch 1993; Esping-Andersen 1990). Secondly, in the course of the 19\textsuperscript{th} and 20\textsuperscript{th} centuries, the labour movement often also embraced nationalist ideologies, like most other societal groups (Wets 2000), although the formation of the labour movement has seldom been favoured by the state.\(^{22}\) Nowadays, European nation states no longer restrain the labour movement in such a manner. However, is this reason enough to praise the welfare state as a workers’ paradise? Hardly, Wolf-Dieter Narr accurately points to the negative side effects of the welfare state, namely, the containment and bureaucratisation of organised labour and the weakening of societal solidarity in the shadow of the national welfare bureaucracies (1999).\(^{23}\) Authors who see the nation state as the safeguard of workers’ social and political aspirations usually neglect these points.

Labour history also emphasizes that the labour movement did not start at the national level. The English working class is not alone in having been the product of long and painful historical processes (Thompson 1980). In Germany, for example, the first labour organisations founded by journeymen during the Vormärz looked like traditional local guilds,


\(^{22}\) On the contrary, even radical democratic national governments repressed the development of organised labour. In 1791, for example, the French constituent assembly adopted the loi Le Chapelier, which prohibited all journeymen’s organisations until 1884! This law was the reaction of the representatives of la nation to reports of alarmed employers: “The workers, by an absurd parody of the government, regard their work as their property, the building site as a Republic of which they are jointly the citizens, and believe, as a consequence, that it is for them to name their own bosses, their inspectors and at their discretion arbitrarily to share out work amongst themselves.” Thus, the Le Chapelier law was designed to “put an end to such potential industrial anarchy” (Magraw 1992: 24f).

\(^{23}\) “Sie verkennen somit, daß das kräftige sozialpolitische Linsengericht, dessen Bekömmlichkeit für diejenigen, die beruflicher Arbeit nachgehen, nicht verkannt werden soll, um den Preis des mitbestimmenden, politisch-bürgerlichen Erstgeburtsschutzes erkauft worden ist. Die bürokratische Form der deutschen Sozialpolitik müßte von Anfang an riesige öffentlich-rechtliche Organisationen, die Sozialdemokratie und die Gewerkschaften zumal, kooptierte sie staatsstreu, qua sozialpolitischen Funktionen und Funktionären, und ist in ihrer habituell organisatorischen negativen Wirkung kaum zu unterschätzen.” (Narr 1999: 18f).
rather than to modern national trades unions (Schneider 1989: 23-30). The development of a feeling of communality among workers from different regions was the product of lengthy learning processes. At times, these processes were rooted in tangible acts of trans-regional solidarity actions. These arguments are relevant here, because they underline the idea that it would be “wrong to assume that the members of such national working classes are or ever were homogeneous bodies of Frenchmen, Britons or Italians (...). It is equally wrong to assume that such an identification is eternal and unchanging” (Hobsbawm 1984: 49). It follows that the labour movement is neither essentially local, national nor international. “All national working classes tend to be heterogeneous, and with multiple identifications, though for certain purposes and at certain times some may loom larger than others” (ibid.). However, in that case, the making of a European labour movement cannot a priori be excluded, either. In fact, trade unions might not only adhere to national neo-corporatist arrangements (Crouch and Dore 1990: 3), but also to European ones.

In turn, Euro-corporatist arrangements could also widen the gap between the union leadership and its grassroots members. Certainly, it would be more difficult for the rank-and-file to hold the European leaders of the involved organisations accountable. Nevertheless, a positive attitude towards neo-corporatism is not a good indicator for technocratic decision-making. Neo-corporatist systems of functional interest representation and territorial systems of parliamentary democracy do not necessarily exclude each other (Schmitter and Lehmbuch 1979; Baccaro 2002). In fact, a neo-corporatist system can be described as a form of functional democracy, if one shares the following core assumptions: first, that management and labour represent the main opposite groups in society and, secondly, that the power resources of these two groups effectively neutralise one another. In this case, neither side can force the other side to do anything through threat of sanction and in such an ideal situation only the force of arguments could be relied on. Likewise, the European Court of First Instance recognised in the UEAPME case that the “principal of democracy on which the

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24 For instance, the nation-wide German printers’ union (Buchdruckerverband) was created in 1866 following a local strike for higher wages organised by the Leipzig printers’ union. Although this strike failed, it forged and intensified trans-regional contacts and solidarity. Workers of other regions followed the “Leipziger Dreigroschenstreik” attentively, collected money for the strikers and so constituted the nucleus of one of the first national trade unions (Schneider 1989: 23-30).

Union is founded” does not always require the participation of the European Parliament, but can also be realised through other means; namely through neo-corporatist negotiations between representative social partners in the framework of the so-called European Social Dialogue (Smismans 2001; Cella 2002). Nevertheless, the primary focus of this thesis is not the rise or fall of “Euro-corporatism” (Gorges 1996), but the prospects of political democracy in the EU.26

The following chapter assesses the question whether the trade-union movement could have an interest in political Euro-democratisation. This is appropriate because, it must be reiterated, social and political actors almost never conceive of democratisation as a goal in its own right. However, one can be puzzled by the Chartism movement, which was undoubtedly a working-class mobilisation and probably one of the largest in British history, but whose demands were exclusively for the democratisation of elections. Its supporters may or may not have implied a social programme, but Chartism certainly did not have such a programme. This provides support for Stedman Jones’ conclusion (1983), which is that early radicals and political militants saw the achievements of political democracy as an end rather than just a means. Hobsbawm (1984: 306) supports this view “since there were very few political democracies in Europe before the very late nineteenth century, the fight to establish or make effective democratic political rights remained primary. By far the most powerful mobilisations of labour on the continent, e.g. general strikes, were for electoral reform, as in Belgium and Sweden.” But how can we explain the succeeding change of organised labour’s priorities from political democratisation to economic class struggle? According to Stedman Jones (1983: 178) Chartism lost its appeal, because “the labour market and the fate of the producer could no longer be presented simply as politically determined phenomena”. However, some Chartists argued already in 1838 that concrete “knife-and-fork-questions”27 would be at the core of their movement.

26 Yet, the Swiss case suggests that there is also a link between political and functional democracy: the more direct democratic and the more fragmented a political system is, the more likely are corporatist arrangements (Gruner and Wiedmer 1987; Fluder et al. 1991; Kriesi 1995).

27 Cf. the report of a speech J R Stephens, a Methodist preacher and leading figure in early northern Chartism: “Chartism was no political movement where the main question was getting the ballot… This question of Universal Suffrage was a knife and fork question after all; this question was a bread and cheese question, and if any man asked him what he meant by Universal Suffrage, he would answer that every working man in the land had the right to have a good coat to his back, a comfortable abode in which to shelter himself and his
Hence it is essential that a study that assesses an actor's contribution to Euro-democracy emphasises its particular interests in such a process, even if one values democracy not as just a means, but as an end in its own right. Thus, only if there is some evidence that Euro-democracy might be congruent to the material interests of unions, does it make sense to undertake research with regard to the following question: *In what way and under what conditions do or can European trade-unions contribute to a democratisation of the European Union?*

The behaviour of a social organisation is not only determined by the aims and beliefs of its members; the particular political context and the means available also affect its performance. This explains why one can describe contemporary trade unions as *intermediary organisations* (Müller-Jentsch 1986: 64). According to this definition, unions attempt to reconcile members' aspirations with general interests, external restrictions and their available power resources. Hence, strategic decisions, such as the choice of the appropriate strategy with regard to the European integration process, do not only reflect *programmatic convictions*. This is why an analysis of the trade-union ideologies alone would be misleading. There are in fact, as stated above, numerous examples in the history of the labour movement, which counteract the labour movement internationalist ideals (cf. Wets 2000; Pasture and Verberckmoes 1998).

The decisive factor shaping strategic decisions depends on both the *interests* and the *available resources* of an organisation. Likewise, the trade-union strategies concerning future EU polity developments reflect two factors: first, the *restrictions of the union's power resources* in a given European political context, and, secondly, the *expected power resource gains* associated with the alternative EU polity developments. To conclude, in order to understand the process of trade union Europeanisation it would be necessary to pay greater attention to the mechanism through which they can mobilise power resources at EU level (Dølvik 1997: 527). Therefore, the next chapter discusses the links between the power resources of organised labour and the various EU polity strategies of my typology. This discussion will also lay the foundations for the subsequent empirical case studies.

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family, a good dinner on his table, and no more work than was necessary for keeping him in health, and as much wages for that life which a reasonable man could desire.” *Northern Star*, 19 September 1838, [http://www.historyonline.co.uk/freesite_tour/samples/chartism/linke.html](http://www.historyonline.co.uk/freesite_tour/samples/chartism/linke.html).
III. DO UNIONS HAVE AN INTEREST IN EURO-DEMOCRATISATION?

This chapter distinguishes, at the outset, the various power resources of organised labour. In a second step, it compares the trade union power resources in the context of the actual EU. Finally, the chapter discusses the prospects and limits of the various EU-polity strategies for organised labour, regarding its power resources. In so doing, the chapter also reviews the academic literature on the subject and illustrates further the significance of the research.

A. Power resources of trade-unions

   1. Mobilisation power in the work place

Trade unions typically derive a great deal of their power from work-place mobilisation. Their ability to wage industrial action can be seen as the constitutive power of organised labour. However, although strikes still play a major role in the hagiography of the labour movement, its frequency has declined during the last decades (Visser 2002).\(^{28}\) In fact, the growing cross-border mobility of capital provides employers with a wider range of possibilities to contain work-place collective actions of organised labour (Traxler 1998: 249f). The menace of de-localising enterprises and the threat of replacing reluctant workers with unemployed job seekers have considerably weakened work-place union power.\(^{29}\) In addition, the ongoing restructuring processes of the economy also weakened union power. Not only do unions have problems in organising new members in the growing service sectors, but they are also losing members, due to the decline of the traditionally well-unionised industries (Hyman 1999).

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\(^{28}\) Occasionally, striking, but also relatively concise political strikes are still occurring, for instance in France and Italy. Nevertheless, they target above all the government and do not seek to target the economic interest of specific employers. Hence, they are a case of political rather than economic mobilisation power (cf. below).

\(^{29}\) Capital is not as footloose as alleged by many hyper-globalists. However, the more popular an idea becomes, the more it will affect the behaviour of social actors, regardless of how accurate the idea was in the first place. Thus, the alarmist part of the anti-globalisation movement might have contributed almost as much to the creation of the globalisation myth, as to the neo-liberal business community, as the condemnation of globalisation implies that globalisation is actually taking place.
However, the demise and dislocation of the traditional mass-production plants in Europe does not necessarily put an end to the union movement. In fact, the management of the emerging “postfordist” companies has a great interest in a highly skilled, innovative and motivated core workforce. Therefore, management and labour might cooperate, if organised labour can provide indispensable services to the new postfordist corporation and its employees, such as lifelong learning that would increase their “employability”. Hence, cooperation between capital and labour would no longer aim to contain the costs of industrial conflict, but would focus on the “mutual gains” of cooperation (Kochan and Osterman 1994). Nevertheless, it would be tantamount to deceit to say that power-struggles might disappear in this new world of the postfordist meta-corporation (Sabel 1991: 45). However, these conflicts will probably increasingly take place between the small groups of core workers who can use their market power to extract benefits and the excluded unemployed or marginalized peripheral workforce, rather than between “capital” and “labour”. As a result, even if the core labour force still might have an interest in a collective organisation of their interests, it is obvious that this polarisation trend undermines worker solidarity and, thus, their capacity for collective industrial action within the firm (Hyman 1999).

The loss of labour’s capacity to wage successful industrial actions and strikes has been partially compensated by an increase in institutionalised forms of work-place union power. Examples of this are the European information and consultation directive, the German co-determination regulation, the loi Auroux voted by the first Mitterrand government, and even Blair’s labour law reform that facilitates the recognition of unions as contractual partners within companies. Legislation and politics seem to become an increasingly important sphere for organised labour. This leads us to the second form of union power, namely, political mobilisation power.

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30 “Fordism” refers to Henri Ford’s assembly line production system. It is based on the separation of planning and doing as well as a deskilled but comparably well paid workforce. By the 1960s, Fordism and the corresponding Keynesian policies seemed to have brought about an era of growth and stability. In the 1970s though social stability was gone, profit was falling, consumer demand was becoming unpredictable and the challenge of international competition was increasingly difficult to deal with. Then Japanese corporations set a new paradigm in industrial organisation, called “postfordism” It is characterised by the replacement of the moving assembly lines through adaptable production platforms, a blurred distinction between the planning and doing, a just-in-time-logistics and a polarisation between a secure core and a marginalized peripheral workforce (Kern and Schumann 1984; Piore and Sabel 1984; Hancock and Tyler 2001).

31 Sabel argued that the labour movement should seek allies “by pressing for legislation facilitating the
2. Political mobilisation power

The second source of trade-union resources is linked to their capacity to generate political mobilisations. This mobilisation can either use parliamentarian or extra-parliamentarian channels of influence.

In the economic sphere, the power of the management frequently overwhelms employees, given the asymmetric relation between these two labour market actors. The mobility of labour is much more limited than the mobility of capital. Also, established economists, such as the former World Bank and US-government advisor and Nobel prize laureate, Joseph Stiglitz, acknowledge that dismissed employees have a stigma, making it difficult for them to obtain another job. It is also very difficult for a dismissed employee to live without employment, putting him into a far more disadvantageous position, compared to the employer who loses only rent from the employee’s labour (Stiglitz 2002: 11). However, the democratic political systems allowed organised labour to shift the class conflict from the market place to the political arena (Esping-Andersen and Korpi 1984). In Europe, union power has been linked to their ability to influence outcomes of elections and referenda in favour of their allied, socialist or Christian-democratic, parties.

In a democratic polity, the fact that the number of workers tends to be higher than the number of capitalists provides labour with a structural advantage. This explains why organised labour fought in the 19th and 20th centuries for the extension of the franchise. Engels stated, for instance, in his preface to Marx’s *The Class Struggles in France*, that democratisation would be strongest weapon for the emancipation of the workers and of humankind:

“The revolutionary workers of the Latin countries had been wont to regard the suffrage as a snare, as an instrument of government trickery. It was otherwise in Germany. *The Communist Manifesto* had already proclaimed the winning of universal suffrage, of democracy, as one of the first and most important tasks of the militant proletariat, and Lassalle had again taken up this point. When Bismarck found himself compelled to introduce the franchise as the only means of interesting the mass of the people in his plans, our workers immediately took it in earnest and sent August Bebel to the first, constituent Reichstag. And from that day on, they have used the franchise in a way which has paid them a thousand fold and has served as a model to the redistribution of resources from prosperous regions to those that needed to restructure.” (Sabel 1991: 45).
workers of all countries. The franchise has been, in the words of the French Marxist program, "transformé, de moyen de dépérie qu'il a été jusqu'ici, en instrument d'émancipation" — they have transformed it from a means of deception, which it was heretofore, into an instrument of emancipation (Engels 2003).\textsuperscript{32}

Although the emergence of oligarchic tendencies in socialist parties frustrated many of these hopes (Michels 1999) and despite the fact that the labour parties almost nowhere became really hegemonic forces (Sassoon 1995), political citizenship rights have undeniably favoured the implementation of social rights (Marshall 1992). In fact, the major achievements of organised labour in the 20\textsuperscript{th} century, such as the establishment of developed welfare states in Western Europe, cannot be explained without emphasising the close interaction between trade unions and their allied parties (Bartolini 2000). While the rule of law, freedom of association and free elections seem to be necessary for mass-market consumerist capitalism – at least in the long run –, the issue of democracy seems even more central to the practice and the prospects of a social-democratic transformation of capitalism (Sklair 2001: 300). It should also be noted that the welfare state transformed the labour market not only through labour law, but also by applying a wide variety of social welfare policies and by using its powers as an important economic agent.\textsuperscript{33}

Today, there is a heightening tension between labour parties and the union movement (Höpner 2003; Waddington 2003). The current generation of social-democratic politicians, such as Gerhard Schröder and Tony Blair, are portraying themselves as “impartial” brokers of economic “reforms” rather than advocates of labour. James Piazza argued that this trend would be reflected in declining union membership and, thus, the declining electoral significance of labour unions (Piazza 2001). Advocates of the “new labour” approach added that the unions-labour party relations would deteriorate due to “anachronistic” and “inflexible” trade union policies (cf. Streeck 2000; Ferrera, Hemerijck, and Rhodes 2000).

\textsuperscript{32} Engels even believed that with this successful utilization of universal suffrage, an entirely new mode of proletarian struggle came into force: “And so it happened that the bourgeoisie and the government came to be much more afraid of the legal than of the illegal action of the workers' party, of the results of elections than of those of rebellion”.

\textsuperscript{33} For example, the public sector may set wage bargaining patterns and may require that its suppliers and tenders comply with the labour standards set by law and collective bargaining agreements. Correspondingly, organised labour’s capacity to influence consumers’ decisions by public campaigns could represent an additional power resource (Bellemare 2000).
However, Tony Blair and Gerhard Schröder could eventually pay a high price for alienating the union movement, as their parties still owe their victories – at least partly – to trade-union support. While the trade union vote cannot – and never could – secure an electoral victory, the deep frustration of many rank-and-file trade union activists might, however, ensure electoral defeat. Correspondingly, Tony Woodley, the new general secretary of one of the leading British unions, TGWU, warned that the days of New Labour could be numbered.

Moreover, political trade-union power can also be a result of their frequently proven capacity to organise huge political demonstrations. These can force political leaders to mitigate or even abandon unsocial policies. This political mobilising capacity is not necessarily linked to high membership figures, but to the capacity of the union movement to galvanise support from the public opinion. Examples of the political effects of extra-parliamentarian trade-union mobilisations can be found in recent Italian history. The first Berlusconi government completely ignored the unions and paid a high price for this attitude: in December 1994 Italy saw one of the largest trade-union demonstrations in its history, which were in no small part responsible for the defeat of Berlusconi’s plans for pension "reform" and the fall of his first government. (Sassoon 1997: 142). In 2002, the second Berlusconi government provoked several general strikes against its plans to deregulate the provisions prohibiting “unjust dismissals”, i.e. the Article 13 of the Italian “Labour Statute” (Mania and Sateriale 2003). Eventually, the government had to make concessions to win, at least, the support of the two moderate trade union confederations, CISL and UIL. A similar example can be found in the French autumn 1995 wave of strikes against the plans of the Juppé government to restructure the railway, pension and social security system (Groux 1998; Béroud, Mouriaux, and Vakaloulis 1998).

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34 The British Labour Party still receives a considerable part of its finances from trade unions. But increasingly unions “are thought to be sympathetic to the idea that the level of funding might be reduced” (Financial Times, 3 July 2003: 2).

35 In his address at the 2003 TGWU conference he claimed that the “working people want something different. I say it is time to reclaim our party – not walk away from it, as a few on the fringe would argue, but reclaim it for the values of working class men and women, the values of socialism [...] I am prepared to work with our brothers and sisters in other trade unions to put the Labour back in our party. That means an end to privatisation, an end to anti-union laws, an end to pandering to big business, and an end to wars of aggression” (The Guardian, 3 July 2003: 13).
3. Exchange power

The third source of trade-union power can be described as the capacity to conclude exchanges with employers and/or political leaders. This resource of power is ironically linked to a (partial) renunciation in using the two former sources of power, namely, the capacity to wage industrial action and political mobilisation. In other words, employers or the government can trade goods in exchange for social consensus with unions who could threaten to withdraw it (Pizzorno 1978).

In the economic sphere, trade unions typically seek to conclude collective agreements with organised capital in exchange for social peace. In recent times, organised labour has also offered employers its collaboration in order to persuade workers to use controversial technologies, to respect safety regulations or to retrain. Additionally, unions and employers can jointly lobby politicians in favour of their industries. Employers often welcome such collaboration, as unions usually possess better connections to centre-left politicians. An example of this type of “social partnership” can be found in the German chemical and mining industries.

In politics, unions use exchange power when they organise "political exchanges" with political leaders. Usually unions share the burden of the legitimisation of a contested political decision in exchange for a union-favourable government policy. For example, unions may accept wage moderation in exchange for a union-favourable legislation as regards work-place co-determination rights (Trentin 1994). Sometimes, political exchange power can even take a merely symbolic form, in which neither political leaders nor trade unions exchange any material goods, but only information, expertise and legitimacy. In this context unions are no longer a counter-power, but an actor within a “neo-corporatist” policy network, which also assumes governmental functions. Even if these exchanges often lead to positive sum games, neo-corporatism can also be risky for labour: "The main basic problems are an inability to trust capital [and government, R. E.], inadequacy of information available to judge the character of an issue, and the contingent, future nature of gains in compensation with present sacrifices” (Crouch 1993: 44).

However, the inherent paradox of exchange power is its dependence on the actor’s capacity to threaten the social consensus. The exchange power of a union depends on its mobilisation power. In consequence, exchange power uses – but does not reproduce – mobilisation power.
The use of exchange power might even cause a demobilisation of the trade union membership, which would finally undermine the capacity to conclude exchanges itself, since the different types of union power are related to each other. If the mobilisation power is low, then the exchange power is low, too. On the contrary, a high mobilisation power does not automatically generate a high exchange power, because the latter requires also the capacity of the union to discipline its membership (Müller-Jentsch 1986).

B. Trade-union power resources within the EU polity

1. Work-place mobilisation power

The process of economic Europeanisation, accelerated by the 1992 single market programme and the European Monetary Union, would be a strong reason to develop cross-border cooperation among trade unions, “to keep workers from being played off against each other, undermining wage and labour standards” (Martin and Ross 1999: 312).

In fact, during the last few years several transnational “Euro-strikes” have been carried out. Whereas the European railway strikes (1992 and 1998) or the textile workers’ strikes (1980)36 gained only minor public interest, the strike of 6 March 1997 against the closure of the Renault-Vilvoorde plant near Brussels generated headlines in the continental press. This strike was supported by almost all of the 4,000 Belgium Renault-workers, and by approximately 20,000 French and 5,000 Spanish Renault workers (Langneau and Lefébure 1999: 20). Although this strike did not prevent the end of car production at the Vilvoorde plant,37 it

36 The press described the EEC-wide one-hour strike of textile workers on 2 December 1980 against the EEC policy on the World Textile Agreement as an unprecedented event (Associated Press 1980; Reutter 1998). Incidentally, more than 17 years later, the press used the same terms in its reports about the “first” eurogrève of the Renault workers (Langneau and Lefébure 1999).

37 Eventually the unions negotiated a social plan and rescued the assembly section of the plant. The social plan obliged Renault to top up the unemployment allowance to the level of the wages earned by its employees over the last two years and to pay for retraining courses for its former workforce. Moreover, Renault agreed to continue to employ the 400 oldest and most longstanding workers, out of the initial 3,100 workers, in the rescued assembly section of the Vilvoorde plant. Renault also agreed to offer employment to 400 workers in external companies and to pay additional pensions for the 633 workers who were forced to accept early retirement.
represented a success for the European labour movement. First, the French courts condemned Renault for not having consulted its EWC in good time. With this ruling they recalled the EU-law principle of “effet utile” and clarified the imprecise definitions of “information and consultation” in the EWC directive (Rehfeldt 1998: 458). Secondly, the Renault-Vilvoorde case noticeably accelerated the drafting of the Commission proposal concerning the new EU-directive on information and consultation (Bercusson 2002). Thirdly, Vilvoorde case proved that transnational actions are difficult, but not impossible.

In turn, the Renault-Vilvoorde case became a paradigm for transnational collective action and many unionists explicitly referred to it, e.g. during a transnational General Motors strike against the closure of the Vauxhall-Luton plant. On 25 January 2001, the EWC of GM called for a European-wide day of action and about 40,000 European GM-workers joined the corresponding strike actions. This strike was quite successful: on 5 March 2001 the GM-management signed a pioneering framework restructuring agreement “to avoid forced redundancies” in all European plants (Carley 2001: 82-85). It is noteworthy that only some months earlier, Bob Hancké (2000: 55) concluded an academic article that EWCs in the motor industry have “failed to become a pan-European vehicle for trade union coordination.” Drawing explicitly on evidence from General Motors he argued that local unionists would use “the EWCs to do the opposite: to obtain information that can be used in the competition for production capacity with other plants in the same company.” Today, this statement ought to

38 Cf. the statement of Joël Barbe, who was one of the French delegates in European Works Council of Renault: “Pour nous, la fermeture de Vilvorde est un échec. Mais la bataille, elle, n’était pas un échec. Par notre engagement aux côtés des travailleurs belges, nous avons fait bouger les structures syndicales française, contribué à la solidarité européenne, permis d’obtenir une renégociation de l’accord du Comité du groupe européen Renault avec des avancées significatives […] comme celles de la jurisprudence sur les Comités de groupes européens en général” (Vanhulle and Van Grop 1998: 242).

39 See for instance the campaign web site against the planned closure of the Vauxhall car plant in Luton (UK) (www.savevauxhalljobs.org.uk). It explicitly referred to the Vilvoorde case: “Renault workers showed the way three years ago, when the company announced they would shut down a plant in Belgium and were met by strike action and demonstrations organised jointly by Belgian, French and Spanish Renault workers.”

40 More workers participated in the European GM-strike, than in the Renault case. However, the press coverage was very uneven. The search machine www.paperazzi.de found many more articles in the German and the US-press (Chicago Tribune, L.A. Times, NY Post, San Francisco Chronicle, Boston Globe) than in the UK-press: only the BBC mentioned the European day of action and the Financial Times referred only to the UK-demonstrations (http://globalarchive.ft.com/globalarchive/articles.html?print=true&id=010130000853).
be revised. Seemingly, Hancké’s statement was based on the erroneous Olsonian assumption that self-interest and trade union solidarity must exclude each other (cf. Crouch 1982).

However, it would be equally wrong to argue that work-place mobilisation power is, today, a significant resource of the trade unions at the European level. In fact, in addition to the general problems of collective action and the limitations of the strike weapon in the context of the ongoing restructuring process of the economy described above, the potential organisers of European work-place mobilisations face the following practical problems.

First, the legal rules concerning the right to strike differ among the EU member states. Whereas, for example, in Germany the right to strike is a collective and highly regulated right, the French constitution defines it as a fundamental individual right. Furthermore, the relevant EU-law is ambiguous. Whereas Article 28 of the Charter of Fundamental Rights of the EU recognises both the individual and the collective right to strike, in accordance with community law and national laws and practices, Article 137 (6) TEC explicitly excludes the adoption of directives that would regulate the freedom of coalition and the right to strike. Hence, while the EU recognises these rights, it has no legal competence to define them.

The second major problem reflects the diverse habits of the different European trade unions, mirroring different state traditions, capitalisms and cultures (Hyman 2001; Crouch 1993). These varieties of national experiences and traditions question a frequent assumption of the industrial relations literature that is the existence of a common worker’s interest. Mobilisation theory suggests that even at the local and national level the transformation of a set of individuals into a collective actor is usually the work of a small but critical mass of activists that convince workers to consider a hitherto accepted situation as unjust (Kelly 1998: 127). Therefore, collective action involves intense discussion processes amongst activists and workers and, eventually, a high degree of group cohesion. However, how can a transnational work place based trade-union solidarity be forged when local trade-unionists have little


42 Yet, the “right or freedom to strike” has already been recognised at the EU-level by the Council Regulation No. 2679/98, which protects it against any potential interference derived from the EC right of establishment or free movement (Veneziani 2002: 60).
chance of communicating with each other? For decades European trade-union politics was exclusively a matter for a small number of trade-union executives (Turner 1996).

Since the adoption of the European Works Council directive in 1994, the number of unionists who are directly involved in European affairs is, however, increasing. In spite of this, the mere existence of an EWC is no guarantee of an internationalist trade union policy, because the competition between the different sites of the same multinational often hampers transnational cooperation. This has motivated "Euro-sceptical" scholars to argue that EWCs could favour a further decentralisation and erosion of national industrial relation systems (Streeck 1998b: 200). On the other hand, the example of the transnational Renault-Vilvoorde strike as well as the General Motors example might also allow for a more optimistic conclusion. This corroborates Klebe and Roth's (2000: 756) point: EWCs can provide a useful framework for "learning and trust-building" processes among trade unionists from different countries, even in the very competitive motor industry. However, these processes would probably not have happened without transnational trade union contacts that had been established in addition to the official EWC-structures. At this point, Hancké (2000: 55) correctly underlines that a strengthening of the EWC depends on a strengthening of the “links between local branches, national union and EWCs.”

Finally, the central company management might have an interest in functioning EWCs. The production process increasingly transcends national boundaries (Dicken 2003). This has also led to a concentration of the decision-making in multinationals at the EU-level and, thus, the rise of “Euro-companies” (Marginson 2000). Moreover, the just-in-time logistics of “post-fordist” corporations is heavily dependent on a smooth management of its transnational production chains. Therefore, even a strike in a small, but centrally located plant of a “post-fordist” production network, could have a huge impact (Moody 1997). Paraphrasing Lenin, one could argue that a production “chain is only as strong as its weakest link” (Lenin 1917). This explains why some multinationals are advocating decentralised collective bargaining, while at the same time supporting EWCs (Marginson and Sisson 1996). Although EWCs centralise consultation at the EU-level, they are beneficial for the management, since the involvement of EWCs “can reduce the potential for conflict and increase the likelihood of employee acceptance of the decisions taken” (European Parliament 2001: 13).

43 In the General Motors case the existence of a transnational trade union grassroots network was instrumental (Cf. www.labournet.de/branchen/auto/gm-opel/index.html).
Nevertetheless, the European work-place mobilisation power of labour remains very weak. This power cannot explain most of the achievements of the European trade unions, such as the social protocol of the Maastricht Treaty that established the social partners’ prominent role in the EU social policy. How can we explain that the European employers’ associations, UNICE and CEEP, concluded legally binding “European social dialogue” agreements with the ETUC? This question leads us to the politics based power resources of the European trade unions.

2. Political mobilisation power

The essential power resource of trade unions at the EU-level is based on institutionalised political action. From the beginning of the European integration process the unions tried to use their relations with political leaders to ensure union representation in the EC-institutions, such as the Economic and Social Committee (Gobin 1996; Smismans 2000), and the nomination of union officials for the European Commission and Parliament. By doing this, the unions expected to “be able to control the policies of these institutions and to prevent that they would become antagonistic to the workers’ interests” (Pasture 2000: 22).

However, these EU-level trade union activities were hardly ever supported by either a mobilisation of rank-and-file unionists or a strong involvement of local and national unions at the EU-level. In fact, the political power of EU-level union activities and institutions owe much to the political recognition of the European social partners as co-regulators of social policy by the Delors Commission. This policy aimed at mobilising political resources for the Commission itself, to calm some of the fears that the Single Market had provoked in European unions, and to help the Commission to acquire labour support for its strategies.

44 As recognised even by the ETUC’s own general secretary, Emilio Gabaglio (2001, interview): “Historiquement le syndicalisme était toujours fortement ancré dans la réalité locale et nationale, avec un discours international qui était - sauf exceptions - seulement rhétorique. Aujourd’hui la globalisation nous pousse à une autre approche. Il faut une dimension internationale dans la pratique de tous les jours. Notamment en Europe il n’y a plus de sens de donner une réponse purement nationale. L’UE est aujourd’hui quasi un Etat. Donc, soit nous sommes capables de construire un échelon européen d’action syndicale qui va au-delà des discours idéologues, soit nous ne le somme pas et nous allons perdre aussi notre efficacité au niveau national et local. Je dirais il ne faut maintenant pas seulement « penser » mais « agir et penser globalement » .
(Martin and Ross 1999: 319). The integration of a social protocol in the Maastricht Treaty institutionalised this recognition. This process led to some achievements, such as the “European social dialogue” agreements, as well as the European Works Council.\(^{45}\) the Information and Consultation and the Posted Workers directive (cf. Keller and Platzer 2003).

As a result, the European trade union organisations are heavily reliant on financial and political support from the Commission (Waddington, Hoffmann, and Lind 1997: 485). The European employers' organisations signed, for instance, the “European social dialogue” agreements on paternal leave (1995), part-time work (1997) and fixed-duration employment contracts (1999) only in order to prevent a probably more constraining initiative of the Commission in favour of a respective EU-direc- tive. The union’s EU-policy mainly follows a logic of political lobbying vis-à-vis the European Commission – or a “logic of influence“ (Dølvik 1997: 502) – rather than the logic of voice, i.e. protest and political mobilisation.

This ambiguous development of EU trade union “structures before action” (Turner 1996) engendered two conflicting hypotheses concerning the impact of EU institution building on European collective action. Gobin (1996 and 1997), Martin (1996) and Waddington et al. (1997: 485) suggest that the heavy ideological, political and financial reliance of the EU trade union structures on the good will of the Commission actually hinders the development of transnational trade union action. Likewise, Jean-Marie Pernot (1998) argued that the rising access of national trade union delegates to EU politics via the European trade union structures contributed to a dissemination of a “Eurocratic” jargon and policy style, rather than to a rise of genuine European trade union movement. Lowell Turner (1996) shared Pernot’s view. However, he also argued that the European trade union structures could eventually provide a useful framework for transnational union action. The European trade unions could disclose channels of cooperation among European minded union activists and movements.

In fact, in the mid-1990s the European unions started to realise the danger of their dependency on the good will of the increasingly free-market oriented Commission. This explains why

\(^{45}\) Before the adoption of the EWC directive in 1994, only 40 multinational companies had transnational works councils, despite a campaign of the “International Trade Secretariats” – the international groupings of trade unions that are now called “Global Union Federations” (GUFs) – for global works councils (Rehfeldt 2000). In 2002, 639 multinational companies had complied with the EWC directive, which clearly demonstrates the impact of compulsory EU-legislation (Kerckhofs 2002).
some national unions opened and others reinforced liaison offices in Brussels and started to coordinate their lobbying towards the Council delegations. Moreover, in particular the Belgian and Mediterranean unions pressed the ETUC to organise and to support several European rallies. Examples of the latter are the European demonstration against the closure of the Vilvoorde-Renault plant, gathering together about 70,000 trade-unionists in Brussels (16 March 1997); the ETUC action day for an effective employment chapter in the Amsterdam Treaty (1997); as well as the ETUC demonstrations before the summits of the European Council in Luxembourg (1997), Feira (2000), Nice (2000), Brussels (2001), Barcelona (2002), Seville (2002) and Rome (2003). However, the national differences of the mobilisation capacities for these action days are remarkable. Whereas the Belgian, French, Italian, Spanish and Portuguese unions have frequently demonstrated their mobilisation capacities, others – i.e. the British, Dutch, German and Scandinavian unions – have rarely mobilised their rank-and-file members for European demonstrations.\footnote{On the 1997 ETUC action day the French unions mobilised, for instance, 70,000 demonstrators, whereas the German unions gathered only 200 people for their “central demonstration” in front of the European Central Bank Building in Frankfurt. In most other European capitals 5,000 to 20,000 people joined the respective trade-union demonstrations.}

For instance, on 20 November 2000, the German DGB bimonthly, \textit{Einblick}, published a front-page article about the ETUC’s critique of the draft Charter of Fundamental Rights of the EU. But both the \textit{Einblick} article and the corresponding DGB press release\footnote{“\textit{DGB fordert verbindliche Aufnahme der EU-Grundrechtecharta in die Europäischen Verträge}”, in:\url{http://www.dgb.de/presse/pressemeldungen/pmdb/pressemeldung_single?pmid=1142}, Berlin, 6.12.2000.} did not mention that the ETUC had agreed to mobilise their rank-and-file for a European demonstration at the Nice EU summit on that matter. In turn, fewer than 100 German unionists\footnote{Cf. \textit{Le monde}, 8 décembre 2000: 3; \textit{l’Humanité}, 7 décembre 2000: 5; \textit{Libération}, 7 décembre 2000: 7 and participative observation by the author.} were among the 60,000 ETUC protesters at the Nice demonstration and, hence, even the Slovenian delegation was larger than the delegation of the ETUC’s leading affiliate. The DGB leadership only halfheartedly supported the campaign for European fundamental social and political rights\footnote{ETUC/Platform of European Social NGOs: \textit{Fundamental rights: the heart of Europe}, Brussels 2000.} that the ETUC launched together with the \textit{Platform of European Social NGOs}.\footnote{\url{http://www.socialplatform.org}.} Whereas in most countries unions and NGOs organised joint actions for a European charter with binding social...
the DGB delegate, Lutterbach, at the “Final European Campaign Conference” of the ETUC/Platform of European Social NGOs, acknowledged that the DGB neither sought cooperation with NGOs nor tried to draw the attention of the public to this subject. He justified this behaviour by pointing to the good contacts of the DGB to the German government. He retained that the DGB would not need to organise public events to have an influence on the matter and recalled that SPD-government sponsored the idea of a charter of fundamental rights in the first place. However, the reluctance of the DGB might also reflect its fear of a politicisation of the EU and its suspicions that NGOs might challenge the unions’ privileged status as a co-legislator within the “European social dialogue”. This thesis is also supported by Gobin (1996), who discovered that the more union officials support the “European idea” and the better their access to the EU elites, the more they fear cooperation with social movements and other NGOs and the more reluctantly they engage in collective actions.

Though, it would be wrong to contrast public actions and more institutionalised political lobbying. The unions use both channels of political influence which complement and reinforce each other. It is worth mentioning that the Council attributed, at its Laeken summit, three seats in the “EU constitutional convention” to the social partners. Incidentally, the day before, ETUC just proved its mobilisation capacity by mobilising 100,000 protesters for its Euro-demonstration in Brussels on 13 December 2001 “Euro-manif: L’Europe c’est nous!”

The ETUC is a politically pluralistic organisation. It does not sustain privileged relations to a specific political party at the EU level; in contrast to many of its national affiliates. Nevertheless, it retains a considerable political influence at the EU-level, because trade union support proved to be crucial for the development of the European integration process. The ETUC unions frequently played in many countries a decisive role in pro-European

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52 It is noteworthy that the DGB delegate and official for EU affairs, Wolfgang Lutterbach, was not an DGB employee, but a member of staff of the Friedrich Ebert Stiftung, which is the SPD party foundation.

53 Yet, it is not surprising that the DGB started in 2002 to cooperate more with NGOs and social movements, i.e. precisely at a time when it had to acknowledge its declining influence in the second Schröder government.

referendum campaigns. It is, for instance, questionable whether the Maastricht Treaty would have been ratified in all EU-member states, in the counterfactual case of a strong trade union opposition. As a result, the ETUC retains political influence, without being dependent on the support of a specific political party in the European Parliament. Instead, it is organising and coordinating its European trade union’s lobbying activities based on

- an “inter-group” of trade-union friendly MEP’s from almost all political groups,
- trade-union friendly civil-servants and politicians of national Council delegations, such as the social attachés in the German and the Austrian embassies in Brussels,
- various contact persons within the European Commission.

These points lead us to the third power resource of unions: that is political exchange power.

3. Exchange power

Given the weak European work-place mobilisation power, European trade unions have, up to now, used mainly politics-based exchange power. Already at the beginning of the European integration process, the unions frequently used this power resource to influence the process of European integration.

After the Second World War the international labour movement played an important role in international relations, especially in the Cold War. Union organisations were, in virtually every nation, a major political force. They provided the core of many left-wing parties. Inevitably, this close relationship between unions and the political process has attracted the attention of competing superpowers and their intelligence services seeking to influence the political affairs of those countries in which the unions are active. The occupying powers in Germany found that one of the principal problem areas in the reconstruction of the political and economic structures of Europe was the battle for control of the trade unions. It follows that Soviet and US agencies sponsored international and national trade unions in order to support them in their fight for and against communism. As a consequence, the activities of the international trade union movement extend far beyond the narrow confines of collective bargaining. “The trades union vehicle is an excellent method of channelling assistance abroad (…)”. Union organisations have been, “more than any area outside the military, (…) prime actors” in the Cold War (Busch 1983: 262f). This political context also heavily influenced the debate regarding the European integration process. For instance, many German unionists
supported the *Schuman plan* for the creation of the *European Community for Steel and Coal* because they preferred the European steel union to Stalin’s Soviet Union.

However, the Cold War was not the only reason why most continental, "Free" and Christian, trade unions supported the European integration process from its very inception. Their pro-European orientation was a result of political choices, which also reflected the union’s negative experience with economic protectionism and political nationalism (Pasture 2002). They were aware of the danger that capital interests could capture the European integration process. But most Benelux, German and Italian unions also believed that the establishment of a common market would be a prerequisite for economic growth and, thus, also a prerequisite for the creation of the welfare state. This would also explain the paradox, Patrick Pasture (2002) argues, why unions initially did not call for a genuine European social policy and did not try to build a genuine European trade union movement.

It should be emphasised that the unions sought tangible compensation from governments for their support of the European integration process. Whereas the German Social-Democratic Party rejected the *Schuman plan*, the DGB supported the Adenauer Government on this issue. As a result the first German member of the High Authority was a former trade unionist, Heinz Potthoff (DGB 1951: 34), and the Adenauer’s Government passed a co-determination law for the coal and steel industries, which gave unions equal representation in the companies’ supervisory boards in relation to its shareholders (*Montanmitbestimmung*).

55 The SPD leadership feared that the “Westintegration” of the FRG would compromise the prospect of a German reunification in the near future. In fact, recent archive research revealed that Stalin would have accepted a reunited Germany in line with the Austrian example; i.e. a united democratic, capitalistic but also neutral German state (Loth 1996).

56 Potthoff was not the only trade unionist in the High Authority. Paul Finet, the first general secretary of the socialist *Fédération Générale du Travail de Belgique* (FGTB) and the first President of the *International Confederation of Free Trade Unions* (ICFTU) was also among its members. Nevertheless, also the Christian international trade union movement supported Finet’s appointment (Lefranc 1952: 371f).

57 In exchange, *Bundeskanzler* Konrad Adenauer also gave the DGB the right to appoint several "social-attachés" for the different German embassies, including the EEC representation in Brussels.

58 Only three days after the DGB announced its support for the Schuman Plan, Konrad Adenauer declared at a *CDU Bundesvorstand* meeting: "Der DGB wäre niemals für den Schuman Plan zu gewinnen gewesen, wenn er in der Frage der Mitbestimmung unterliegen wäre" (Schönhoven and Weber 1996: XLIII).
This sort of political exchange became the most important model for European trade union action. Throughout the whole EU integration process, this political exchange pattern has continued. The European unions and the European Commission engage in a mutual exchange of legitimacy (Crouch 2002). Even if the economic and political integration put structural and functional pressure on organised labour, most unions offered political leaders their support in legitimising European integration in exchange for certain advantages, such as the official recognition of the ETUC as a “European social partner” (Gobin 1996 and 1997).

Subsequently, the ETUC gradually gained access to the European social policy. The Delors Commission rewarded the trade unions for their support for the EU integration process, especially through its political and logistical support for the “European social dialogue”. It is noteworthy that the Commission, and not the ETUC, frequently convinced the European employers’ organisations to sign “European social dialogue” agreements (Falkner 2003). The employers did not fear the unions’ mobilisation powers. They typically signed these European agreements only because they feared that the Commission would propose an even more restrictive EU-directive in this policy field, if the social partners failed to conclude an agreement. Correspondingly, the European social dialogue ceased to produce binding results, after the increasingly neo-liberal political climate within the Commission restricted the scope and opportunity for an activist European social policy.

Due to the “European social dialogue” the ETUC became a co-regulator in the European social policy. But in this policy field the EU competencies remain very limited (Leibfried and Pierson 2000). In the decisive areas of EU politics (e.g. economic and monetary policy, company merger control, etc.) the unions remained at the margins of the decision-making process. Given that the decision-making in those areas is based on “efficiency” and not on partisan politics, this is not really surprising. Incidentally, this institutional design assumes that the decisions of the European Central Bank or the regulatory agencies of the Commission are not political and must not be subject to democratic decision-making (Majone 1994a).
C. Which EU polity development would favour labour interests?

Reiterating that social and political actors rarely conceived democratisation as a goal in its own right, it is appropriate to consider which future EU polity satisfies the interests of organised labour best. Therefore, this section analyses, first, the relation of the different polity strategies with the restrictions of the trade-union power resources in the given European political context. Then, it considers the gains or losses for the trade unions, linked with these different polity strategies.

1. The Euro-technocracy strategy

Granted the absence of workplace based mobilisation power and the fragile political mobilisation power at the EU level, European trade union organisations, such as the ETUC, have traditionally based their work on, rather weak, political exchange power. European trade-union activities have been an exclusive domain of specialised trade union experts. However, this strategy seems to be partially successful, given the implementation of some achievements, such as the Maastricht social protocol. This can be explained by the compatibility of this type of union action with the technocratic mode of governance of the European institutions. EU institutions may favour trade-union participation in European policy-making, because they require the trade unions’ expertise and legitimacy to act in some policy fields, such as social and employment policy. Therefore, European trade union officials are part of several EU-policy networks. For example within the so-called “macroeconomic dialogue” representatives of the Council, the Commission, the social partners and the European Central Bank discuss the coordination of monetary and budgetary policy and wage developments. However, these discussions are confidential and the process is not binding; no formal conclusions are drawn and each party is responsible for reporting back to its own constituency.

Nevertheless, Euro-technocratisation could be a possible European trade union strategy, since it would legitimise the European trade union structures and it may also generate some results. These successes may be explained by a compatibility of this type of trade union action with the EU institutions’ technocratic mode of governance (Joerges and Vos 1999). Indeed, the European institutions may favour “procedural” (Keller 2001: 14) trade-union participation in European policy-making, because they require the trade unions’ compliance, expertise and
legitimacy to act in some policy fields, such as social and employment policy. For this reason, Euro-technocratisation could also be a likely EU-polity strategy of organised labour. However, the adoption of such a strategy could also have its cost; namely, a considerable reduction of the labour movement’s original ample societal objectives. Indeed, the European trade unions might increasingly become unpretentious actors in very limited areas of the social and employment policy, neglecting their broader social, political and economic values.

For the time being it is sufficient to reiterate that Euro-technocracy might represent a possible strategy for organised labour. We will come back to the limits and contradictions of Euro-technocracy in the following empirical chapters, where it will seen under which conditions organised labour actually tried out the Euro-technocracy strategy. At this stage, the following hypothesis drawn from this section will also be considered. The greater the impact of EU policy-making, the weaker the union’s national power resources and the greater their expected gains of power in a technocratic European polity; the more the organised labour will pursue a Euro-technocratic strategy.

2. *The democratic re-nationalisation strategy*

If organised labour still has confidence in its national power resources and still believes that it can pursue a purely national economic and social policy, it will tend to politicise and reject the European integration process as a “capitalist project” and try to pursue a welfare state “re-nationalisation” strategy.

To some extent this argumentation of the traditional anti-EEC left seems rational, given the persuasive impact of neo-liberal ideology on the EU’s economic policy. However, it is also problematical to confuse the political project of the European Union with the general “transformation process” of economic globalisation (Altvater and Mahnkopf 1999: 31). Another factor, which favours a welfare state “re-nationalisation” strategy, is rooted in the following misperception. Trade unionists often consider the social and political situation in their own country as better than the situation in other countries. For instance, some German unionists wrongly concluded from the fact that the chair of the French *comité d’entreprise* is an employer representative that this institution cannot work properly. In reality, French trade unions and work councils have more power resources than one might expect, especially considering the low level of French trade-union membership. This lack of direct work-place
mobilisation power is not only considerably compensated by the well-known political mobilisation power of French unions, but also by highly institutionalised work-place based power resources.\(^{59}\) During the last years, however, this \textit{re-nationalisation} strategy has lost much of its appeal. The demise of Keynesian policy and the rise of economic globalisation during the last two decades, seriously undermines the prospects of “social democracy” or “democratic socialism in one country”.\(^{60}\)

However, even if the traditional leftist critic of the “capitalist project” EU were correct, this would not inevitably provide support for a social democratic re-nationalisation strategy. “Yet paradoxically”, Richard Hyman (2000: 81) argues, “if the pessimistic scenario holds true, and if the scope for effective action at national level becomes systematically reduced, the pressures for effective transnationalism will intensify. There exists genuine scope for strategic intervention.” Other academics, such as Wolfgang Streeck, have argued that organised labour could also adopt a technocratic re-nationalisation strategy.

Again, it will be the task of the following empirical chapters to analyse whether and under which conditions organised labour does pursue such a “democratic re-nationalisation strategy”. The decay of organised labour’s national power resources due to the increased exit options of “capital” suggest that the prospects of this strategy are declining. In turn, the hypothesis drawn from this section goes as follows. The weaker the impact of EU policy-making, the greater the unions’ national power resources and the weaker their expected power gains in both a technocratic and democratic EU polity, the more organised labour will pursue a “democratic re-nationalisation strategy”.

\(^{59}\) Employers could, for example, only apply to state subsidies concerning the obligatory introduction of the 35-hour working week if they concluded a collective agreement with a legally recognised “representative” trade union. The access of the \textit{Comité d'entreprise} to paid professional expertise of their choice is another veiled power resource of French unions, as revealed by the considerable resources of the union related consultancy firms, like the CGT-related \textit{Groupe Alpha} and the CFDT-related \textit{Syndex} (Clavel-Fauquenot and Marignier: 2000).

\(^{60}\) See the abandonment of the French government’s initial activist socialist policy in 1983 and the current supply-side new labour policies of European centre-left governments (Sassoon 1995).
3. The technocratic re-nationalisation strategy

The lack of work-place-based mobilisation power and the fragile political mobilisation power at the EU level could also lead to another type of re-nationalisation strategy. If organised labour has lost its confidence in national Keynesian policy but does not believe in a possible social and democratic EU, it could pursue a competition state re-nationalisation strategy, as advocated, for instance, by Wolfgang Streeck.61

The typical signs of this strategy are social pacts, which aim to enhance national competitiveness. However these pacts differ greatly from the neo-corporatist, social democratic pacts of the 1970s. In fact, most social pacts of the 1990s are not compromises between conflicting class interests, but monistic alliances to increase the competitiveness of the national economy, while neglecting the question of fair distribution. Hence, these pacts accept the rationality of the market as alternative-less and, consequently, abandon the notion of political choice, which is at the heart of democratic politics. Therefore, this strategy can be called technocratic, even though wage moderation can be a collective good that is wanted by a democratic majority of workers.

The main compensation such social pacts offer unions, is their formal recognition as a key actor of industrial relations and economic and social policies. However, the benefits of bargained wage restriction pacts are not limited to the reaffirmation of the trade unions’ institutional role. They may eventually encourage international free-floating capital to invest into the respective national economy. At this moment, organised labour “hopes” that this would also lead to an increase of employment, which compensates labour’s concessions made within the social pact.

61 Cf. "Heute freilich ist der Zeitpunkt verpaßt, zu dem der Integrationsprozeß noch in einer Neuauflage des nationalen Wohlfahrtsstaates auf supranationaler Ebene enden konnte. Will man hieraus die Konsequenzen ziehen, so muß der Blick zurück auf den Nationalstaat fallen, dem es gelungen ist, sich aller Internationalisierung zum trotz als die wichtigste politische Organisationsform zu behaupten. Wenn Nationalstaaten und Märkte es der Europäischen Union nicht erlauben wollen, zu einem handlungsfähigen Staat zu werden, dann müssen Gewerkschaften und andere, die zur Erreichung ihrer Ziele auf staatliche Handlungsfähigkeit abgewiesen sind, darüber nachdenken, wie diese innerhalb der Union als nationalstaatliche erhalten werden kann" (Streeck 1998a: 12).
However, these hopes might prove to be no more than mere illusions, since such social pacts could degenerate into a set of competing national beggar-thy-neighbour strategies (Martin 2000). If the neighbouring country also reacts with competitive concession bargaining, the competitive advantage of the first country rapidly shrinks. This may lead to a downward spiral of repeated circles of concession bargaining and thus to further social dumping as well as “mercantilist races” leading to a deflators spiral which would destroy any success achieved on the growth and employment front (Noé 1998). This danger exists especially in “Euroland”, because flexible exchange rates can no longer compensate extraordinarily high (or low) labour cost increases by a devaluation (or revalorisation). Even if some national economies were winners in such a competition, it might be self-defeating in the long run.

This danger has also provoked a counter trend. In fact, some unions started to coordinate their bargaining policy transnationally; namely, within their European Industry Federations and the so-called “Doorn group” of the German and Benelux industrial trade unions and trade union confederations. Nevertheless, Jelle Visser’s (2002) summary of the recent wage bargaining trends in Western Europe highlights the resilient tendencies that are supporting the following technocratic re-nationalisation strategy hypothesis. The weaker the impact of EU policy-making, the weaker the unions’ national power resources; and the weaker their expected power gains in both a technocratic and democratic EU-polity, the more organised labour will be in pursuance of a “technocratic re-nationalisation strategy”.

At this point, it is noteworthy that a competing hypothesis could also sound quite reasonable. The combination of weak EU politics, weak unions and declining prospects for power resource gains for unions could undermine their capacity to be a strategic actor at all. However, even then organised labour still can do something, as demonstrated by the court-oriented “litigation strategy” of the US “social justice unionism” (Greven 2003). Actually, litigation is also a “technocratic” attempt to use the “rational logic” of the legal system for labours’ benefit. However, given the current supremacy of the market logic, this thesis links technocracy exclusively to the “economic” process of rational mastery (P. Wagner 2001).
4. The Euro-democratisation strategy

Given the structural limitations of the Euro-technocratisation strategy and the limited "exit"-options of re-nationalisation, one might expect an increasing expression of trade union "voice" at the EU level. Indeed, a growth of the trade union "voice" can be observed, as demonstrated by the recent increase in Euro-demonstrations. Most of these mobilisations target political aims, such as EU-Treaty revisions, the EU-Charter of Fundamental Rights and the implementation of social and political rights in the new EU-Constitution. Even European trade union mobilisations that took place at the European company-level also focused on political issues, such as better information and consultation rights for European Works Councils as, for example, in the Renault Vilvoorde case.

Politics-based mobilisation power becomes more effective; the more the respective political system provides access and participation opportunities to its citizens. However, under the condition of a rather remote political system, there is a high probability that such mobilisations will be erratic, if they take place at all. Additionally, the logic of political exchange is available only to the extent that the political leaders or central bankers at the European level need the trade unions to legitimise, accomplish or implement political or economic decisions. Nevertheless, the remoteness of the European institutions and the fact that an important number of decisions at the European level are treated in regulatory and not political terms, allow European rulers to by-pass democratic accountability.

In a more democratic European polity this would change. Thus, unions might have an interest in Euro-democracy. Active trade-union support in favour of a democratisation of the EU would not only be in accordance with their programmes and ideologies, but also with their realistic attempt to increase trade-union power resources. Given the growing impact of European policy making a Europeanisation of the trade union activities could be more promising for organised labour, than the former strategies. Hence, Richard Hyman argued the European trade-union movements could have an interest in a transformation of the EU “from an elitist to a popular project” (2000: 81).

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The following case studies will examine whether organised labour is capable of overcoming the internal and external obstacles of this Euro-democratisation strategy. According to the preceding discussion organised labour is expected to adopt this strategy under the following conditions. The greater the impact of EU policy-making, the stronger the union’s national power resources and the greater their expected gains of power in a democratic EU polity, the more the organised labour will pursue a Euro-democratic strategy.

This chapter has provided a primary discussion of different possible strategies for organised labour concerning the European integration process, in the light of the existing academic literature. Are the European unions to be considered as actors of Euro-democratisation, Euro-technocracy or re-nationalisation? At present it would be premature to draw a conclusion about these issues, given the conflicting views of the different authors. Whereas the studies conducted by Wolfgang Streeck and Bob Hancké favour the adoption of a technocratic re-nationalisation strategy, others have argued that trade unions understand that, more than ever, there is an urgency to unite across national boundaries. However, even the authors who question Streeck’s deterministic views cannot dismiss the obstacles of a Euro-democratisation strategy. There are external obstacles, such as the neo-liberal dynamic of the EU integration process that is built into its technocratic polity framework (cf. Scharpf 1999), as well as internal obstacles, such as the different national union cultures, which make it difficult to construct a genuine European trade union movement.
IV. RESEARCH DESIGN

A. The logic of this qualitative, comparative multi-level inquiry

The following chapters will set my analytical framework to work. That means that the ensuing case studies will be assessed in view of the typology that has been introduced above. In so doing, it will be seen whether and under which conditions the trade unions have adopted

- a Euro-technocratisation strategy (examining whether the trade unions contributed to “regulatory” or technocratic EU decision-making);

- a democratic re-nationalisation strategy (examining whether the trade unions were rejecting and politicising the EU-integration process);

- a technocratic re-nationalisation strategy (examining whether the trade unions contributed to the rise of a “competition state” nationalism);

- or a Euro-democratisation strategy (examining whether the trade unions were contributing to the rise of a European public sphere, European collective action, a politicised EU integration process and Euro-democratic believes).

This study is not a classic deductive, hypothesis testing piece of work. It is rather a qualitative, hypothesis generating and explorative exercise. Qualitative analysis typically examines only a small number of cases. This allows a much more profound and less one-dimensional analysis, but it does not allow simple generalisations. Hence, this study aspires first and foremost to identify and assess the various possible as well as actual union strategies. It aims to understand how these various strategies work and assesses their benefits and limits for the concerned trade unions. Hence, the scientific logic of my endeavour is “possibilistic” rather than “probabilistic”.

Analytical models need not to be part of a valid causal interference to be powerful. Nonetheless, to remain powerful, “these concepts must be part of a research agenda that seeks to identify their systematic implications.” (Laitin 1995: 456). It follows that although the mainstream research designs in qualitative political science tend to undervalue the crucial role
of conceptual formulation in social inquiry, this does not question the scientific rigidity that the seminal qualitative methodology of King, Keohane and Verba (1994) highlights. They correctly emphasise the importance of an appropriate case selection, as representative samples are never available, given the inherently small number of cases in qualitative research. This suggests a sample of case studies covering different EU-polity strategies of organised labour. Only in this case will it be possible to identify and explore the mechanisms and limits of these diverse strategies.

All my case studies include a multi-level analysis of enterprise-, national- and EU-level trade-union activities. This avoids a widespread selection bias, i.e. that of studying Europeanisation at a EU-level and re-nationalisation at a national level. Such a biased design risks leading to flawed results: for instance, an exclusive research focus on national social pacts, necessarily ought to find “clear” evidence supporting the re-nationalisation hypotheses (cf. Hassel 1999). In contrast, an exclusive research focus on EU-level social dialogue must produce more evidence in support of the Europeanisation hypothesis (cf. Dubbins 2002). Nevertheless, if there is a Europeanisation of organised labour it must take place not only within the EU-level structures, but also within the respective national, local and firm level trade union organisations. Likewise, if there is any re-nationalisation of trade union activities, this must also cause corresponding effects at the EU level. This calls for a multi-level enquiry, which includes European-, national- and enterprise-level trade union activities.

Moreover, this study is not supposed to be a country-by-country comparison of different national trade union movements (cf. Crouch 1993; Hyman and Ferner 1994; Martin and Ross 1999; Hyman 2001). Indeed, the increasing interdependence of the EU member states suggests the necessity of new modes of interrogation and new methodologies for qualitative comparative analysis (Smelser 1995: 12). Often failed cooperation between trade unions of different countries has been explained by cultural and political differences of the respective national unions; but this explanation cannot explain the fact that the same unions frequently adopt different EU-polity trade-union strategies in various situations. Whereas for instance French and German metal workers’ unions joined their forces in organising a European action day in one case, the same unions failed to cooperate in another case. This suggests that the cultural explanation of failed transnational union cooperation must be questioned. But this is only possible if one also questions the conventional unity of analysis in comparative studies, which is the nation state.
Certainly, it is often assumed that collective action requires actors who also share a common (national) identity. Mobilisation theory suggests that collective action requires intense discussion processes amongst activists and workers and, eventually, a high degree of group cohesion (Kelly 1998: 127). In contrast, most comparative studies emphasise the variety of the national industrial relation systems, welfare states and capitalisms. Also, cultural and languages differences seem to restrain transnational discussion processes and cooperation (Miller, Tully, and Fitzgerald 2000). Correspondingly, Lepsius (1993: 249-85) have argued, as stated above, that the nation-state remains the only expression of the will of the people.\(^{63}\) In contrast, Habermas (1998) stressed that democratic citizenship need not be rooted in a shared national identity or a “Volk” in the Germanic ethnic sense. Notwithstanding the existence of a variety of social cultures, a democratic citizenship would only require the socialisation of all citizens in a common political culture. This socialisation could be the result of increasingly transnational political conflicts, which might result in an increased popular participation in EU-politics. Likewise, Klebe and Roth (2000) argue that the Europeanisation of the production and the development of European institutions, such as European Works Councils, would lead to more transnational interaction between trade unionists from different countries. In turn, this also could favour European trade union action. Hence, European collective action is seen as a possible outcome of a learning process, which would imply a shift from “mechanic” solidarity among homogeneous to an “organic” solidarity among heterogeneous people sharing common objectives (cf. Hyman 1999).

The thesis of Habermas and Klebe/Roth entails important methodical consequences. In fact, by means of a comparative country-by-country research design one cannot test the hypothesis. In order to confront it with the opposing culturalist hypothesis, it is necessary to compare not only nation states but also transnational units of analysis, such as different multinational companies. Only in this case it is possible to answer the following two questions: Have the different political, cultural and linguistic backgrounds of various national unions excluded European collective action, as suggested by Lepsius and Offe? Or can European works councillors and trade unionists overcome their national differences through transnational trust building and learning processes, as suggested by Klebe and Roth?

\(^{63}\) This argumentation also finds resonance in the writings of Offe (1998), who argues that the welfare state, democracy and an organised industrial relation system depend on borders, i.e. on the nation state, since it would be the only framework that is recognised by all actors as a point of reference. Thus, it would be the only institution that could provide for mutual trust and solidarity.
B. Case study selection

The first part of my thesis assesses the tension between Europeanisation and re-nationalisation in the field of wage bargaining. There is a widespread agreement that national bargaining systems are exposed to increased competitive pressures due to the European Single Market and the European Monetary Union. However, most researchers disagree over whether a European coordination of collective bargaining would represent a viable alternative to its technocratic re-nationalisation that is to say competitive corporatism. Hence, the thesis assesses the tensions between national social pacts and the emerging bargaining coordination policies of the European Metalworkers’ Federation (EMF) and the European Federation of the Building and Wood Workers’ (EFBWW).

This part of the thesis also analyses export oriented and domestic sectors of the economy. Such analysis is necessary because the processes of economic globalisation and Europeanisation affect the two sectors differently. Whereas in the former the Europeanisation process is mediated through the free movement of goods, it is in the latter case mediated through the free movement of persons. This has considerable effect, because in the former case the local workers and unionists are not directly confronted with the workers of competing enterprises, whereas in the latter case they might even work on the same site. Hence, it will also be seen whether these sectoral differences have a decisive impact on the European strategies that the trade unions adopted in the field of collective bargaining.

The second empirical part of this study examines the tensions between a Euro-democratic and a Euro-technocratic EU-polity strategy. Concretely, the thesis examines activities of organised labour in two recent multinational company merger cases, namely, the ABB-Alstom Power and the Alcan-Pechiney-Algroup mergers. Given the inaccessible institutional construction of the EU merger-control policy, it would reasonable to suggest that organised labour has no role whatsoever in this policy field. Nevertheless, workers’ representatives have increasingly been trying to influence the EC competition policy (Rakovsi 2002). Their specific activities, however, have differed considerably: while workers’ representatives have tried to politicise the ABB-Alstom merger case, the Alcan-Pechiney-Algroup workers’ representatives have adopted a strategy that was compatible with the technocratic approach of the Commission’s competition policy. Hence, the same European, German and French metalworkers’ unions surprisingly adopted conflicting EU-polity strategies, that is a Euro-democratic strategy in the
ABB-Alstom and a Euro-technocratic strategy in the parallel Alcan-Pechiney-Algroup merger case.

These different EU-polity strategies did not result from different company policies. While ABB and Algroup were controlled by the same Swiss shareholder-value capitalist, Martin Ebner, Alstom and Pechiney also share a similar corporate history and policy, as previously state-owned French national champions and ethnocentric multinationals. Moreover, all companies also adopted a similar “share-holder value” oriented corporate strategy.

Hence, the suggested comparison of the two merger cases represents an almost perfect most-similar-system-design. It also seeks to gain control over the most recurrent explanations of diverging trade union performance in multinational companies, i.e. different national industrial relation systems. Given the increasingly integrated transnational organisation of multinational companies (Dicken 2003), however, it is dubious whether national variables can suitably explain different outcomes. Yet, the proposed transnational research design takes that observation into account. Furthermore, only in this manner it is also possible to assess the hypothesis of Habermas and Klebe and Roth.

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64 See, for instance, the discussion about the so-called "host country" vs. the "country-of-origin effect" relative to the influence of multinationals in national systems (Ferner and Quintanilla 1998; Geary and Roche 2001).
The following table 2 indicates that the selected cases of both empirical parts of the thesis stick *prima-facie* to different European trade-union strategies, although the cases share, *ceteris paribus*, most properties. In fact, the selected cases involve, for instance, the same trade unions as well as the same national systems. Subsequently, however, the thesis will interrogate the supposed location of the selected cases within my analytical framework. This approach will also enable a critical analysis of the conditions that favour a specific outcome.

**Table 2: Selected case studies and their supposed location in our analytical framework**

<table>
<thead>
<tr>
<th>Euro-technocratisation strategy</th>
<th>Euro-democratisation strategy</th>
</tr>
</thead>
</table>
| **Case study 2:** EU wage bargaining coordination policies  
  *(Key actors: European and national unions)* | **Case study 3:** ABB-Alstom merger case  
  *(Key actors: European Works Councils and National metal workers’ unions)* |
| **Case study 4:** Alcan-Pechiney-Algroup merger case  
  *(Key actors: European Works Councils and National metal workers’ unions)* | |
| **Technocratic re-nationalisation strategy** | **Democratic re-nationalisation strategy** |
| **Case study 1:** National wage bargaining policies  
  *(Key actors: national unions)* | |

These four case studies only provide snapshots of the European trade union movement. Nevertheless, the thesis aspires to make a significant contribution regarding organised labour’s Europeanisation processes, as all cases cover core areas of union action. Moreover, the cases also cover a significant geographical sphere of European trade unionism. While the thesis reviews the wage bargaining policies of all EU countries, it assesses the two company merger cases from a European, German and French perspective.\(^{65}\)

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\(^{65}\) Thus, the merger case selection confronts the two *continental* traditions of unionism, i.e. the Germanic mixture of *business and civil-society* and the Latin mixture of *class and civil-society unionism*, while it neglects the British *business and class-struggle* unionism, given its declining influence (Hyman 2001).
C. Sources and research methods

This very work-intensive, qualitative research project is based on a triangulation of document analysis, participative observations and expert interviews. Moreover, it also draws on European, German, French and Italian academic and trade union literature. This wide variety of sources enables a critical examination of each individual source in the light of alternative sources (Tarrow 1995).

Due to easy open access to local, national and European trade unions and their records, I have studied a wide range of internal documents. However, this wide access to the trade union records was only possible because of a careful and time-consuming trust-building process. Generally, I met many trade unionists several times and acquired, after every meeting, access to additional data. I am also aware that my personal background as a Swiss academic combined with my experience as a former union official facilitated my work considerably. While my Swiss academic background provided me with a “neutral” position in relation to the analysed German, French and Italian unions, my past experience as a union official provided me with an “insider” status in the eyes of the unionists I met, which also strengthened the confidence of my interview partners.

Moreover, I have interviewed 87 European, national, and enterprise-level trade union leaders, work councillors and business consultants. I also attended numerous trade union meetings and demonstrations. For this purpose, I travelled to Berlin, Düsseldorf, Frankfurt am Main, Stuttgart, Oberursel, Köln and Mannheim; to Belfort, Dijon, Paris, Potiers, Neuf Brisach, Nice, Noisy-le-Grand, and Vélizy; to Prato, Florence, Foligno, Turin and Rome and to Amsterdam, Zürich, Fribourg, Oslo and Brussels.

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66 Between January 1990 and April 1993 I directed the youth and vocational training department of the Swiss Gewerkschaft Bau und Industrie, which is the largest trade union of Switzerland. In that capacity I was also involved in several transnational trade union activities as well as the EC/EU working groups of both the Swiss Trade Union Confederation (SGB) and the Social Democratic Party of Switzerland (SPS).
V. COLLECTIVE BARGAINING: THE TENSION BETWEEN NATIONAL COMPETITION AND EUROPEAN COORDINATION

National collective bargaining systems are exposed to increased competitive pressures due to the establishment of the single market, the EMU and the processes of economic globalisation. While one can observe an “organised decentralisation” of collective bargaining systems in some countries, in others centralised “social pacts” have been concluded. However, in both cases unions seem to be forced to accept less favourable bargaining outcomes, owing to the greater number of options of management in increasingly open national economies. Many think that trade unions could not pursue alternative bargaining policies beyond “concession bargaining” or “competitive corporatism” (Rhodes 1997). But is there an alternative to an ordered retreat of organised labour so as to remain at least at the negotiation table? While several academics believe that organised labour could limit the competitive pressures on national bargaining systems through a coordination of their wage policies at the EU-level, the question remains whether these beliefs are any more than wishful thinking.

The topic is relevant for the purpose of this thesis, as collective bargaining is still at the core of organised labour’s activities. It follows that the unions’ attitudes to collective bargaining must also affect their actions and emerging strategies relating to the EU-integration process. Hence, I expect from an analysis of organised labour’s wage bargaining policies not just insights regarding the future of European industrial relations. In actual fact, chapters VI and VII will also assess the contributions of organised labour’s collective bargaining policies in the formation process of a European polity. Beforehand it is, however, necessary to review the wage policy context in the EU and the constraints of trade union’s wage policies in the age of the single European currency. In so doing, the aim is to identify the impact of EU policy-making in the field of wage bargaining, to assess the power resources of labour in this field and to reveal the potential gains and losses that could be expected from each of the four emerging EU-polity strategies identified earlier.

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68 Cf. Traxler and Mermet 2003; Dufresne 2002b; Pochet 2002; Schulten and Bispinck 2001.
A. The (deficient) European politics of collective wage bargaining

1. The decline of national autonomy

Defending labour’s share in the national income belongs to the core objectives of any effective trade union. It follows that the wage policy is one of the main fields of trade union activities. However, trade unions are obviously neither the only, nor the main, actor in the labour market. In addition, the employers and their organisations, governments, central banks, the currency exchange market and free-trade regimes play an important role in wage setting. The exchange rates – in particular – have often played an important role in adjusting one nation’s wages levels in the case of external shocks. This happens not only through devaluation when a national economy becomes uncompetitive, but also through revalorisation in the opposite case; to the chagrin of the export-oriented British manufacturing industries.

With the introduction of the European Monetary Union this adjustment mechanism has disappeared within the Euro-zone. This could be problematic, given the continuing differences of productivity and wage levels within Euroland.

In this context, the question arises whether there are any alternatives to massive deflation and wage reductions when one Euroland country is asymmetrically affected by an economic crisis.\(^69\) It is noteworthy that most authors deny the viability of any alternative solutions, such as “federal” solidarity or increased labour migration at the EU-level (Pochet and Vanhercke 1998). The mainstream literature only disagrees regarding the methods needed to achieve a more “flexible” labour market as a means to reply to theses potential challenges.

From a neo-liberal perspective only a complete dismantling of national wage-bargaining systems seems to be promising (Siebert 1997). Even if also a centralised system of wage determination would have the ability to impose wage moderation (Calmfors and Drifill 1988), most economists more and more prefer the free market solution. This would the only

\(^{69}\) Note that “wage reduction” does not necessarily mean a reduction of the hourly cost of labour, but a decline of the labour cost per produced unit. It follows that wage moderation occurs if real wages increase at a lower rate than productivity. Consequently, the hourly wages are not the only variable of adjustment, there are also other variables linked to productivity, such as education, infrastructures, social and technological innovations etc. (Conciadi 1999).
promising solution, according to the neo-liberal orthodoxy, that achieves both low inflation and low unemployment, in an all-embracing context of an increasingly integrated global and European economy.

It looks as if these transnational economic integration processes and especially the European Monetary Union essentially undermine the autonomy of the nation state and of national wage bargaining systems. As a consequence, many have argued that the social democratic mid-century class compromise lost its viability. This suggests that any democratic re-nationalisation strategy of organised labour in the field of collective bargaining would be doomed to fail, as national systems are losing their autonomy to regulate an ever more “disorganised capitalism” (Offe 1985).

2. The resurgence of the technocratic free market paradigm

This view is disputed by authors who stress the high social and political cost and, in consequence, the unlikely success of such a neo-liberal shock therapy in a democratic polity. Indeed, it is noteworthy that dictators, such as General Pinochet, implemented neo-liberalism best. Drago (1998) even concluded that the Chilean experience should serve as an example for the EU. Quoting Majone’s technocratic decision-making approach, Drago argued that Pinochet’s “regulatory agencies”, which excluded all “clientelistic” influences on economic policies, determined Chile’s economic “success” (Drago 1998). Though Drago acknowledged that dictators do not per se favour a successful economy, he tellingly reveals the authoritarian, anti-democratic essence of regulatory decision-making.

As an alternative to such a shock therapy, neo-corporatist authors suggest a new type of bargained corporatism at the national level, namely “competitive corporatism” (Rhodes 1997). Such arrangements could provide a “functional equivalent of devaluation” (Crouch 2000c: 209). However, from the viewpoint of organised labour not only the neo-liberal but also the neo-corporatist perspective is a priori not very promising (Hassel 1999: 23). In contrast to the (social) democratic class compromise corporatism of the 1970s, competitive corporatism accepts the primacy of the unitaristic and technocratic paradigm of boundless market competition. Moreover, “competitive corporatism” is basically a pure nationalistic strategy. The concept simply transfers the microeconomic logic of competition between
companies to the macro-level. This leads to the idea of a competition between nation states or regime competition (Bispinck and Schulten 2000: 29).

Nevertheless, the recent history of national social pacts indicates that unions also concluded such agreements in order to obtain political aims. But the compensation for unions is often smaller compared to the “generalised” (Marin 1990) or “specific political exchanges” (Pizzorno 1978) of the 1970s. Nevertheless, social pacts contribute to a consolidation of a union’s organisational interests in an unfavourable economic environment as well as in the context of a declining union density and militancy during the 1980s and 1990s (cf. table 3). 70

In concluding national social pacts, trade unions usually aim to secure their position as a key actor not only in industrial relations but also in the broader context of economic and social policies. This is often the main compensation such agreements offer unions. However, given the declining power resources of most unions, this becomes an important goal in itself.

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70 In the following table 3 the “unions density” is defined as percentage of union membership compared to the total workforce (averages for 1980-1989 and 1990-1998). The category “militancy” describes the working days lost due to strikes and lockouts, per 1,000 employees. It must, however, be recalled that these two indicators give a substantial but not in every respect a comprehensive summary of the trade union’s power resource developments. In fact, these indicators are neglecting the union’s political power resources in a given national political system. For example, the French and, to some extent also, the German unions are much more powerful than one would expect given their rather low membership levels: due to the entrenched positions which these unions retain in their respective legal and political systems.
### Table 3: Union Density and Militancy (1980s and 1990s)

<table>
<thead>
<tr>
<th></th>
<th>Union density (in per cent)</th>
<th>Militancy (volume)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>52.1</td>
<td>42.1</td>
</tr>
<tr>
<td>Belgium</td>
<td>50.9</td>
<td>52.7</td>
</tr>
<tr>
<td>Denmark</td>
<td>77.8</td>
<td>76.3</td>
</tr>
<tr>
<td>Finland</td>
<td>69.9</td>
<td>77.3</td>
</tr>
<tr>
<td>France</td>
<td>14.7</td>
<td>10.1</td>
</tr>
<tr>
<td>Germany</td>
<td>34.2</td>
<td>30.4</td>
</tr>
<tr>
<td>Ireland</td>
<td>55.0</td>
<td>47.8</td>
</tr>
<tr>
<td>Italy</td>
<td>44.0</td>
<td>38.8</td>
</tr>
<tr>
<td>Netherlands</td>
<td>28.8</td>
<td>24.2</td>
</tr>
<tr>
<td>Norway</td>
<td>57.5</td>
<td>58.1</td>
</tr>
<tr>
<td>Portugal</td>
<td>46.1</td>
<td>26.4</td>
</tr>
<tr>
<td>Spain</td>
<td>10.5</td>
<td>17.3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>28.9</td>
<td>24.2</td>
</tr>
<tr>
<td>Sweden</td>
<td>80.0</td>
<td>85.0</td>
</tr>
<tr>
<td>UK</td>
<td>46.1</td>
<td>34.4</td>
</tr>
<tr>
<td>West-Europe</td>
<td><strong>37.6</strong></td>
<td><strong>31.9</strong></td>
</tr>
</tbody>
</table>

Sources: Visser (2002) and Ebbinghaus and Visser (2000)

To date, examples of “social dialogue” can be found in every EU country, except the UK. Even in France, the archetypical case of contestation in European industrial relations typologies (Crouch 1999: 351), the negotiations between the "social partners"\(^7\) cover a wide range of issues, from the single work contract to the commonly administrated welfare-insurance agencies. Incidentally, the initiative came from the French employers’ organisation,

\(^7\) These negotiations include all “representative” trade union confederations, including the former communist trade union confederation CGT, but not radical autonomous unions like SUD.
MEDEF, (Seillière 1999), which proposed a “refondation sociale” that is, a reduction of the predominant role of the state in French industrial relations. In doing so, the MEDEF was actually attempting to weaken the unions, although it presented its refondation sociale programme as a means to strengthen the “social dialogue” between autonomous “social partners”. Given the strong political and very weak work-place power resources of the French union, it is not surprising that the French employers favour this form of “social partnership”, if compared to the unpredictable activism of “socialist” governments.

Generally, the practice of “social dialogue” seems to be more stable in countries with weaker, but still effective, labour movements. Trade unions often adopt national social pacts out of a generalised feeling of powerlessness, due to the belief that there are no policy alternatives (Bispinck and Schulten 2000: 28) and due to the decline of their national power resources. Incidentally, Lodewijk de Waal, the President of the Dutch trade union confederation FNV, has stated that an increase of the trade union membership above 35 per cent of the workforce would be not good for the “polder model”, i.e. the Dutch model of social dialogue, as its success would rely on the common feeling of powerlessness that is shared by all three parties, the state, capital and labour. Nonetheless, one should not ignore that the need to cooperate should be felt by all involved actors, to discourage any unilateral action by the most powerful player. It follows that social pacts, as with other systems based on cooperation, reflect a situation in which the presumed costs of conflict are perceived widely to be higher than the costs of cooperation.

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72 In fact, such a “social dialogue” approach would have enabled the MEDEF to veto the implementation of unilateral governmental policies, such as the 35-hour working week. In contrast, individual union confederations would not have veto-power, even if they were representing the majority of workers. A French collective agreement is valid, even if signed by only one of the five recognised trade union confederations.

The fewer choices unions have, or the more they are persuaded that sacrifices are essential in order to reach an important objective, the more likely they are to support a policy of wage restriction or “contenimento salariale”. A good example of this is Italy’s “concertazione dell’emergenza” from 1992 to 1995 which aimed to secure the – quasi unanimously desired – EMU-membership, while the whole political system was deeply in the “tangentopoli” corruption crisis. In this decisive period “technical” Italian governments used the social partners as a source of its legitimacy, as they offered the governments a greater amount of citizen participation and democratic legitimacy than the discredited political parties (cf. Ferrera and Gualmini 1999: 146; Baccaro 2002).

However, the benefits of bargained wage restriction pacts are not limited to the reaffirmation of the trade unions’ institutional role. Given that such pacts mainly intend to enhance the competitiveness of one country’s economy, they may encourage international free-floating capital to invest in the respective national economy. At this moment, organised labour “hopes” 74 that this would also lead to an increase of employment, which compensates labour’s concessions made within the social pact. These hopes might be illusions, as long as Europe is “condemned to struggle against unemployment with one hand tied behind its back.” According to Andrew Martin (2000: 396) “social pacts can do little to reduce unemployment in Euroland as a whole and could degenerate into a set of competing national beggar-thy-neighbour strategies which in the worst case, would interact with restrictive ECB monetary and national fiscal polices to drive a deflationary vicious circle”.

Therefore, such competition state social pacts are riskier for labour, than were the social-democratic capital-labour “peace-formula” pacts in the Scandinavian countries of the 1970s. In addition to the classical “trust” problem of bargained corporatism (Crouch 1993: 46) – whether or not the wage restraints will really lead to more employment, or only to increased profits for capital – there is another intervening variable, namely the reaction of other countries’ industrial relation systems. When these systems also react with competitive concession bargaining, the competitive advantage of the first country rapidly shrinks. This

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74 See Marco Trentini’s justification of the Italian 1998 social pact for development and employment: “The unions have reacted positively to the recognition accorded to the role of the social partners through “concertation” (i.e. the Italian from of social dialogue); the confirmation of bargaining structure that has helped to reduce inflation and protect wages; and the central importance given to training. It is to be hoped (emphasis by the author), the unions say, that firms will now begin to invest again.” (Trentini 1999)
may lead to a downward spiral of repeated circles of concession bargaining and thus to social dumping. Even if some national economies might be winners in such a competition, such a downward spiral would be self-defeating for the workers of all countries in the long run. This illustrates the limits and risks of any technocratic re-nationalisation strategy of organised labour in the area of collective bargaining.

3. Towards the Europeanisation of collective bargaining?

The only hope of breaking the cycle of the described downward spiral of consecutive concession bargaining may be to “supranationalise the practice of corporatism” (Grote and Schmitter 1999: 592). Therefore, corporatism must transpose its scale to cover all of Europe and extend its scope to include a broad range of social citizenship rights. Yet, supranational corporatism will - according to Grote and Schmitter - only function if it meets the two ideal-typical clusters of conditions highlighted by the neo-corporatist literature of the 1970s, namely state capacity and a balance of class forces (Schmitter and Lehmburch 1979). On one hand, neo-corporatism has particular associational properties, such as

“the monopoly of representation, hierarchic coordination across associations, functional differentiation into non-overlapping and comprehensive categories, official recognition by state agencies and semi-public status, involuntary or quasi-compulsory membership, and some degree of heteronomy with regard to the selection of leaders and the articulation of demands.” (Grote and Schmitter 1999: 40).

On the other, neo-corporatism is based on particular decision-making characteristics, such as

“concentration, e.g. regular interaction in functionally specified domains, privileged and even exclusive access, consultation prior to legislative deliberation, parity in representation, active and concurrent consent and not just passive acquiescence or majority voting as the usual decision rule, and devolved responsibility for policy implementation.” (ibid.)

If one can find these properties at the EU level, then Euro-corporatism could theoretically become a “routine practice of an (enlarged) EU and an important component of its (eventual) democratisation” (ibid.). Unsurprisingly, however, Grote and Schmitter and other authors who share the rigid, ideal-type definition of neo-corporatism (Schmitter and Lehmburch 1979) must come to the conclusion that a Europeanisation of collective bargaining is not a very likely scenario.
Although it “would seem logical” (Crouch 2000c: 208) that a wage determination system should similarly operate at the same level as the monetary system, the Euro-corporatist vision is usually dismissed as not feasible, because at the EU-level wage bargaining institutions are virtually non-existent. As a matter of fact, “wage bargaining” is explicitly excluded from the scope of the “European Social Dialogue” (cf. Article 137 (5) TEC), which is the EU-Commission’s favourite means of bringing about EU-level collective bargaining. Likewise, there are also no signs that the European employers’ organisations would be willing to engage in voluntary negotiations about wages at the EU-level. In contrast, many employers supported the single market and currency precisely because they hoped that these economic Europeanisation projects would undermine the role of trade unions in the area of wage determination. For instance, Daniel Lebegue, the deputy chairman of the Banque Nationale de Paris, and Ernst M. Lipp, a director and board member of the Dresdner Bank, frankly stated as far back as 1997, at a Franco-German business round table, that the unions would “lose their role in wage negotiations” after the introduction of the EMU. The two bank directors expected that national wage bargaining systems would loose their functionality – and, thus, also national trade unions would loose their raison d’être – within the Euro-zone.

B. The strategic wage bargaining dilemmas of organised labour

While the absence of an active EU wage bargaining policy and the declining autonomy of national collective bargaining systems are obvious, authors disagree on the subject of the lessons organised labour should learn from these developments. Whereas Streeck concludes that the trade unions must direct their view again to the nation state (Streeck 1998a; Streeck 1999), Grote and Schmitter argue that a Europeanisation of collective bargaining scenario is nonetheless “one well worth simulating - and stimulating.” These different views are not a result of different interpretations of past trends (cf. Streeck and Schmitter 1991), but emphasise above all different visions of the future.

Wolfgang Streeck believes that we are witnessing a replacement of re-distributive or social solidarity between the rich and the poor by a “competitive solidarity” between producers in

75 Cit. in “Schöne neue Eurowelt”, Die Tageszeitung, 18 April 1997.

76 Streeck’s use of the term redistribution in the field of wage policy assumes that work has an objective price, thus, wage settlements, which do not respect this price, have a “re-distributive” effect. But the use of the term
small homogenous nations or regions (Streeck 1999). It is noteworthy that Streeck still believed in 1998 that the “Deutschland AG” would perform well in such a competition. Consequently, he urged – as a leading consultant of the German Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit – joint actions by the Government, employers and unions in the interest of the “Standort Deutschland” to change recurrent misperceptions of international investors concerning the German model of Mitbestimmung, i.e. the right of codetermination, which guarantees workers’ representatives to have a say in company decisions made by management and company supervisory boards (Streeck 1998d: 5). Meanwhile, however, Streeck seems to have lost faith in the “Rhineland” capitalism and eventually accepted the primacy of the free market paradigm.\footnote{Was von der deutschen Mitbestimmung bleibt, wird Teil der neuen weltweiten Vielfalt von Unternehmensstrukturen und –strategien nach dem Ende des strukturiierenden und regulierenden politischen Zugriffs des Nationalstaates auf die Unternehmensverfassung und muss sich (...) am Markt bewähren.” (Streeck and Höpner 2003: 54f).}

In contrast, Philippe Schmitter still sees a role for politics, even if he also sees the competitive pressures that result from monetary unification and the EU’s eastward enlargement. However, he also believes that these pressures will make a further democratisation of EU polity and the development of a EU social citizenship rights and policies even more urgent (2000).\footnote{Accordingly, Schmitter even proposed a “Euro-stipendium”, i.e. a monthly payment of a stipulated amount of Euros to all citizens or permanent residents living within the EU whose total earnings correspond to less than one-third of the average income of EU citizens and permanent residents.} The integration of the EU Charter of Fundamental Rights in the Draft Treaty establishing a Constitution for Europe seems to support Schmitter’s view; to the annoyance of the Economist that fears that the “wide-sounding social rights” of the Charter – “the right to strike, the right to a job, the right of workers to be informed and consulted, even the right ‘to a free [job] placement service’” – would lead to a re-regulation of the labour market.\footnote{See the “Special report: Europe’s constitution” in: The Economist, 21 June 2003, 21-23.}

Moreover, it is also mistaken, at the outset, to use rigid national yardsticks to assess European wage bargaining coordination and social policy-making. In fact, ideal-type Euro-corporatism...
will not have the same properties as the ideal-type national one. Of course, – to paraphrase Grote and Schmitter – Sisyphus would have to push his huge boulder up a much steeper and higher cliff, to reach the top of Euro-corporatism, but precisely because he might never reach that top, he does not have to start all over again. In other words, even in a fragmented polity, corporatist arrangements might be viable. In the real world we can find some empirical cases, which are still labelled to be a cases of neo-corporatism, even if they differ considerably from Schmitter’s ideal-type. One example of this is Switzerland. The Swiss polity and labour movement fall short of the centralised and hierarchical structures that are at the base of the neo-corporatist ideal type (Fluder et al. 1991; Fluder 1996; Kriesi 1995: 333-357). Therefore, it might be equally misleading to conclude from the absence of strong European state structures that Euro-corporatist arrangements are neither possible nor desirable (Streeck 1998a). In fact, weak and fragmented structures are more able to change and respond to new situations: likewise a rowing boat is definitely more flexible than a huge tank vessel.

One first step in the Euro-corporatist direction could be the establishment of a supranational, or at least a transnational, coordination of bargaining policies between competing industrial relation systems. Given general interest of capital in low wages the initiative for such a European coordination must come from labour. It follows that national unions face difficult choices. Should they pursue a technocratic re-nationalisation strategy that is founded on competitive concession bargaining (and risk entering a negative-sum game) or should they try to limit wage competition at the EU-level through the adoption of European wage bargaining guidelines and risk free-riders taking advantage of such efforts, given the weak authority of these non-binding guidelines (Mermet 2001)?

Finally, the trade unions’ strategic choice faces an additional quandary. In fact, neither “Europeanisation” nor “re-nationalisation” are the only possible scenarios in the field of wage

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80 Of course, those who believe that resource allocation by “free” labour market competition is beneficial for everyone can contest this assumption. If this assumption is true it would mean that the whole existence of trade unions would be irrational, as would the existence of any other system of mutual trust and cooperation. But this view is misleading. Labour markets differ from “pure” goods markets, as no equilibrium between demand and supply can be established in the former case. A totally free labour market would lead to a continuing downward spiral of wages, as workers would have to sell their work regardless of its price in order to secure their subsistence. This explains the paradox that the alleged “free-market” economies of the US, the UK and Ireland all eventually adopted a mandatory minimum wage.
bargaining under EMU. As Andrew Martin (1999: 32) fears “EMU will release a dynamic that is more likely to result in the Americanization of the European labor market than either of the two alternatives, not immediately, but eventually, and not literally but figuratively.” This development would have also important political implications. As such a neo-liberal “Americanisation” would undermine the capacity of organised labour to act strategically at the outset, unions would do everything to avoid such an outcome. Hence, the tension between national competitive corporatism and a European coordination of collective bargaining has to be seen in context of the threat of an erosion and deregulation of collective bargaining. In the following chapters both scenarios will be analysed in more detail.

Concretely, the next chapter VI reviews the wage developments in all 15 EU member states. Can wage moderation be observed in the EU member states during the 1980s and the 1990s? If so, is this practice a result of the trade unions’ wage policy within the framework of “competitive corporatism”? Then, chapter VII analyses the recent attempts of unions to coordinate their bargaining policy transnationally. At this point it will be seen whether these attempts are falsifying the technocratic re-nationalisation strategy hypothesis that seems to be the most likely scenario (Visser 2002). It will also be seen whether and to what extent the recent Europeanisation attempts of unions in the field of wage bargaining relate to one of our alternative EU-polity strategies, namely, Euro-technocratisation or Euro-democratisation.

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81 “But given the importance unions nonetheless have for democracy, there is reason for concern if EMU has the effect of reducing European unions to the role they have in the U.S. There the weakness of organised labour is arguably a major contributor to the poor quality of American democracy […] and correspondingly weak democratic control of capitalism in America, in the state arena as well as the workplace. This would be yet an other way in which the chosen construction of EMU will deepen the democratic deficit in European integration” (Martin 1999: 32).
VI. NATIONAL “COMPETETIVE CORPORATISM”

Has organised labour after the adoption of the Maastricht Treaty, consciously or unconsciously, pursued a “technocratic re-nationalisation strategy” in the area of collective wage bargaining? In order to answer this empirical question, one must specify what empirical evidence would be expected in this case.

In chapter II the indicators were distinguished with regard to the four competing EU polity actor strategies (cf. table 1). It was stated that “encouraging competition state nationalism” is the key sign for the adoption of a technocratic re-nationalisation EU polity strategy. This indicator will be further specified by the following two empirical questions:

First, can we observe “wage moderation” – that is a real wage development that fails to fully compensate the productivity increase – in the EU member states ever since the adoption of the Maastricht Treaty?

Secondly, if we can, have trade unions actively supported wage moderation policies, in order to increase the competitiveness of their national economies?

If both questions are answered positively, it is safe to claim that organised labour has pursued a technocratic re-nationalisation strategy in the field of collective bargaining.

The first question can be answered by assessing the statistical data on wage developments. Thus, this chapter reviews the aggregated wage developments for all EU countries, with the exception of Luxembourg. However, it would be mistaken to argue that wage moderation as such would be an unmistakable indicator for a technocratic re-nationalisation strategy. In fact, trade unions have adopted wage moderation policies in the past, for instance during the resurgence of “concerted action” in the 1970s. But these neo-corporatist arrangements were social democratic compromises between conflicting interests rather than monistic alliances that follow the technocratic logic of enhanced national competitiveness. While the neocorporatism of the 1970s was essentially linked to the idea of autonomous national economies and democracies, the concept of competitive corporatism of the 1990s concede the end of the autonomous nation state and, thus, purport also the end of national democracy. Hence, it is not sufficient to observe only the quantitative wage development data.
Given these limits of the quantitative wage development data, the second empirical question calls for a qualitative review of the wage policies of the respective national unions. Therefore, following presentation of the wage development data will be combined with a concise review of the literature regarding the bargaining policies of the respective national trade unions, in order to assess whether wage moderation is a result of a competitive bargaining policy that advocates the end of any autonomous national bargaining policy.

A. Real wage and productivity developments in the EU

Statistical data from the European Commission indicate that real wages (or real compensation) did not follow the increase in productivity. Figure 2 displays the indexed evolution of real compensation and labour productivity per head from 1980 to 1999.

Figure 2: Real compensation and productivity in the European Union

![Graph showing real compensation and productivity in the EU from 1980 to 1999](image)


Figure 2 demonstrates an increasing disparity between the productivity increase and the real compensation development during the first years of the 1980s. This development stopped in the mid-1980s. Until 1992 wage increases followed productivity development, without narrowing the gap, which had risen in the early 1980s. After 1993 real wages remained stable while productivity increased considerably. Hence, figure 2 seems to confirm the hypothesis that the European single market and the Monetary Union increase competition between national labour markets.\(^\text{82}\) As pointed out in the previous section, devaluation and revaluation

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\(^\text{82}\) It is noteworthy that Emmanuel Mermet, the *European Trade Union Institute* economist in charge of wage
are no longer available within the Euro-zone as a means to shelter the national economy from the European market. Labour seems to have become a transnational resource, as firms increasingly choose to locate in a variety of countries (Castells 1996). Therefore, the real wages of an EMU-country that aims to enhance its “competitiveness“ should increase at a lower rate than the labour productivity. This would explain why the share of “labour” in the national income decreased and why that the share of “capital” increased during the last twenty years (see table 4).

Incidentally, the share of labour in the national income, or in economic language the adjusted wage ratio as a percentage of GDP to factor costs, is another indicator to measure wage policy results. The wage ratio is linked to the real compensation of labour developments and productivity developments in the following way: the share of labour increases if the real compensation developments are higher than the productivity gains and vice versa. Therefore, a real compensation development that follows the rise of productivity has a “neutral” effect on the distribution of wealth between labour and capital.  

policy set up this figure based on authentic European Commission (European Economy) data and forecasts. Yet, to paraphrase Winston Churchill, this is a very political statistic. Mermet and other Euro-Keynesian economists and unionists actually used this cumulative index based figure to convince the European Trade Union Confederation from the urgency of a European coordination of collective bargaining.

“Capital” and “labour” remain useful and relevant analytical categories. Nevertheless, it is empirically not always easy to distinguish them. There is a “labour” to “capital” trend, given the rising importance of employees’ participation in the company’s capital, but also a reverse development, given the shift of executive functions within the enterprise from capitalists to high rank employees (managers). The following statistical data on the distribution of the national income neglect these trends. Nevertheless, the interpretation of these statistics remains useful, since European trade unions frequently use these data and, consequently, assume that this labour/capital distinction is still valid.
<table>
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<tbody>
<tr>
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<td>73.6</td>
<td>75.3</td>
<td>73.0</td>
<td>69.7</td>
</tr>
<tr>
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<td>78.8</td>
<td>80.0</td>
<td>76.4</td>
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<tr>
<td>Belgium</td>
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<td>72.2</td>
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<tr>
<td>Denmark</td>
<td>75.2</td>
<td>77.7</td>
<td>70.3</td>
<td>68.3</td>
</tr>
<tr>
<td>Finland</td>
<td>73.1</td>
<td>72.5</td>
<td>71.9</td>
<td>66.5</td>
</tr>
<tr>
<td>France</td>
<td>75.3</td>
<td>76.6</td>
<td>75.4</td>
<td>69.3</td>
</tr>
<tr>
<td>Germany*</td>
<td>71.6</td>
<td>73.7</td>
<td>70.9</td>
<td>67.9</td>
</tr>
<tr>
<td>Greece</td>
<td>86.1</td>
<td>70.7</td>
<td>74.0</td>
<td>67.2</td>
</tr>
<tr>
<td>Ireland</td>
<td>79.3</td>
<td>77.3</td>
<td>72.5</td>
<td>63.7</td>
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<tr>
<td>Italy</td>
<td>75.5</td>
<td>76.7</td>
<td>74.3</td>
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<tr>
<td>Luxemburg</td>
<td>57.7</td>
<td>65.5</td>
<td>66.5</td>
<td>64.5</td>
</tr>
<tr>
<td>Netherlands</td>
<td>69.4</td>
<td>74.8</td>
<td>68.1</td>
<td>65.9</td>
</tr>
<tr>
<td>Portugal</td>
<td>67.8</td>
<td>81.2</td>
<td>74.0</td>
<td>73.1</td>
</tr>
<tr>
<td>Spain</td>
<td>77.3</td>
<td>79.1</td>
<td>73.0</td>
<td>68.8</td>
</tr>
<tr>
<td>Sweden</td>
<td>72.3</td>
<td>74.1</td>
<td>70.5</td>
<td>68.9</td>
</tr>
<tr>
<td>UK</td>
<td>72.6</td>
<td>73.2</td>
<td>72.7</td>
<td>73.6</td>
</tr>
</tbody>
</table>

Aggregate wage share = percentage of GDP at factor costs); *1961-1991: West Germany

Table 4 indicates that until the 1970s almost everywhere in Western Europe the growth in real wages was fully compensating the growth in productivity. This satisfied not only the workers who could enjoy an equal share of the general rise in prosperity, but it was also instrumental for the mid-century compromise between capital and labour, as it was based on the parallel growth of mass production and mass consumption. After 1968 most unions even briefly succeeded in obtaining pay gains above inflation and productivity increases (Schulten 1998: 2; Schulten 1999a: 17). By contrast, in the 1980s and the 1990s one observes a significant
decrease in the average annual wage share. Only in the UK did the adjusted wage ratio remain stable during the 1980s and the 1990s, whereas a considerable decrease of the wage ratio can be observed in most of the other countries, especially in Ireland, Spain, the Netherlands, Denmark and France.

This overview indicates a general trend away from the productivity-oriented, “solidaristic” collective bargaining policies (Schulten 2002a). This general picture remains the same, even if one includes the reduction of the yearly working hours in the calculation (Schulten 1999a: 19). Incidentally, the working time reductions were also higher during the 1960s and 1970s than during the 1980s and 1990s, despite the trade-union campaign for the 35-hour working week.\(^4\) Obviously, this general trend must be caused by more fundamental reasons than simply the need to adjust one country’s economy with regard to the EMU. Essentially, the change of the wage policy is linked to a continuous rise of unemployment as well as the general transformation of employment and community structures, both perpetually contributing to the decline of the union’s traditional power base. Incidentally, the unions find it difficult to unionise employees working in enterprises without trade-union tradition, e.g. in the service sector.\(^5\)

Nevertheless, it cannot be excluded that the unions deliberately adopted in the 1990s a nationalistic competitive wage bargaining policy. Thus, in the following the annual growth of real wages compared to the rise in productivity will be analysed country-by-country. If one can observe a *continuing* increase of disparity of real wage and productivity development during the last 20 years, one can conclude that this might be a product of the described general trends, rather than of a competitive collective bargaining policy. On the other hand, an abrupt change of the trend would support the *competition state re-nationalisation hypothesis*, because such a change implies an active involvement of the unions in the reorientation of the wage policy. The latter hypothesis seems even more probable, if the abrupt change occurred after the conclusion of a specific “social pact”.

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\(^4\) For instance, in West German manufacturing industries the strikes in favour of the 35-hour working week were rather successful. Nevertheless, even in Germany real wage development and working time reduction during the 1980s and the 1990s no longer followed rises in productivity.

\(^5\) However, Dribbusch’s (2002) comparative study of British, Dutch and German retail sector unions also emphasise that these impediments are not insurmountable.
One can distinguish the following three patterns of organised labour’s wage policies, comparing it to the national productivity and the real compensation developments:

1. If the share of labour (or the adjusted wage ratio) in per cent of GDP to factor costs is *not declining* over time, than organised labour is not engaged in competitive concession bargaining and the re-nationalisation hypothesis is falsified.

2. If the share of labour (or the adjusted wage ratio) in per cent of GDP to factor costs *is constantly* declining over time, then wage moderation is likely to be a result of structural factors. Thus, this suggests that trade unions cannot act strategically at all and therefore also the re-nationalisation strategy hypothesis is falsified.

3. If the share of labour (or the adjusted wage ratio) as a percentage of GDP to factor costs *is declining significantly* after a policy change of organised labour (e.g. after the adoption of a social pact), then wage moderation is likely to be a result of a strategic decision of organised labour. Hence, the re-nationalisation hypothesis is confirmed.

This classification is outcome-oriented in comparison to the other more institutionalist typologies of different national bargaining policies. Such an outcome-oriented classification is more appropriate here, given that different institutions can produce functionally equivalent outcomes and given the action and outcome oriented research question of this chapter: i.e. “are the trade unions actively supporting wage moderation”?

The following country-by-country review of the real compensation and productivity development of the various EU countries after the implementation of the Singe European Market and adoption of the Maastricht Treaty leads to following classification of three different wage bargaining types (cf. table 5).

1. **No wage moderation.** In some EU countries the real wages almost followed the productivity development. Obviously, the unions of these countries did not embrace wage moderation and, hence, did not support a technocratic re-nationalisation strategy.

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86 See, for instance, the typology of different forms of wage-setting in Western Europe, which distinguishes state-sponsored, inter-associational, intra-associational, pattern bargained, state imposed and non-coordinated forms of wage setting (Traxler 2002: 115).
2. **Structural wage moderation.** In other EU countries one witnesses a slowly but steadily increasing gap between real wages and productivity, which is not related to any trade union wage policy change. This is an indicator that the unions in these countries have no major impact on wage determination at a macroeconomic level. The wage restraint is most probably a result of structural properties (e.g. high unemployment, weak union power resources, etc). Hence, trade unions are not likely to be a decisive actor in determining wage policy in general. Therefore, they are also not facing any pressure to be part of any wage moderation policy. In this case unions are not pursuing a technocratic re-nationalisation strategy either.

3. **Bargained wage moderation.** Finally, in most EU countries one can observe abrupt changes of the real wage development relative to productivity after the conclusion of specific social pacts or in the framework of an enduring neo-corporatist industrial relations system. This suggests that the unions in these countries, which actively supported wage moderation, adopted a technocratic re-nationalisation strategy.

**Table 5: Post-Maastricht Treaty wage moderation types**

<table>
<thead>
<tr>
<th>Wage Moderation Type</th>
<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>No wage moderation</td>
<td>United Kingdom, Denmark, Sweden</td>
</tr>
<tr>
<td></td>
<td>Greece, Portugal</td>
</tr>
<tr>
<td>Structural wage moderation</td>
<td>France, Spain</td>
</tr>
<tr>
<td>Bargained wage moderation</td>
<td>Ireland, The Netherlands</td>
</tr>
<tr>
<td></td>
<td>Italy, Belgium, Finland</td>
</tr>
<tr>
<td></td>
<td>Germany, Austria</td>
</tr>
</tbody>
</table>
B. No wage moderation

1. Denmark, Sweden and the UK: The Euro-zone Outsiders

In the British, Danish and Swedish cases, the comparison of the real wage and the productivity development suggests that there has been no wage moderation (cf. Figure 3).

Figure 3: Real compensation and productivity in the UK, Denmark and Sweden

The British development is especially surprising, at least from a neo-classical point of view. The roughly deregulated industrial relations system did not lead to wage moderation, as real wages closely followed productivity during the 1980s and 1990s. This confirms the findings of Teulings and Hartog’s (1998) as well as Traxler’s (1997) comparative quantitative studies regarding the macro-economic effects of coordinated wage bargaining structures. Apparently, it is much easier to reduce the adjusted aggregate wage ratio by corporatist structures on a macro-level than it is for “real-life labour markets, dealing with limited information and contractibility” on the micro level (Teulings and Hartog 1998: 192). This argument is also supported by the aggregated US-wage development, which corresponds to the UK-pattern of no general wage moderation. In fact, in the United States of America real wages have also lagged behind productivity since 1980, but to a much lesser degree than in the EMU countries (Flassbeck/Spiecker 2000: figure 4).

Other statistical data indicate, however, that the destruction of the coordinated wage setting structures during the 1980s had a considerable impact on wealth distribution in the UK. Crouch points out that in the 1980s and 1990s the relative income positions of the 10 per cent earners with the lowest incomes in the UK sharply deteriorated while the incomes of the top decile earners leapt ahead considerably (1999: 163f). Accordingly, the decentralisation of wage bargaining is likely to lead to a decline of real wages in the lower wage sectors, but it also excludes – at the same time – any national compromise on wage moderation in general, because of the dismantling of central collective bargaining. The radical eradication of national corporatist agreements did not, however, lead to a complete elimination of trade-union activities particularly at the local level. Even if the coverage of collective agreements dramatically dropped during the last twenty years, the autumn 1998 Labour Force Survey indicates that 34.5 per cent of the British workers are still covered by collective agreements (cit. by Fulton and Lefresne 1999: 80). It follows that local trade union pressure as well as the lack of qualified employees lead to considerable real wage increases in the booming sectors of the economy. These developments are, of course, not welcomed by the Bank of England, the only national institution left dealing with general wage trends. Consequently, the British

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87 This process has been further amplified by public policies that forced the unemployed to accept any job, regardless of its conditions. Ironically, however, these deregulations eventually also forced the Blair-government to re-regulate the labour market by introducing a statutory minimum wage.

88 Actually, the British employer’s organisation, the CBI, the TUC and its largest member unions even refused to publish non-binding unilateral wage bargaining guidelines (Fulton and Lefresne 1999: 81).
central bank increased the interest rates, for instance, from 7.25 to 7.5 per cent in August 1998 in order to counteract an “excessive” real wage development (Fulton and Lefresne 1999: 82). Nevertheless, it is improbable that local level employers and trade unionists, focussing their wage policy only on the microeconomic situation of the enterprise, understand this macroeconomic message. Ironically, Margaret Thatcher’s deregulation policies had also “positive” side effects for some firm-level unions and employees, if they worked in a booming sector of the economy and if they managed to consolidate their power resources within their enterprise. In this case they could negotiate real wage increases, which they would hardly been able to obtain through national level collective bargaining, because the decentralisation unchained them from the obligation to take into account any macroeconomic considerations. Likewise the British unions never developed a technocratic re-nationalisation strategy in the field of wage bargaining. Whether this outcome is primarily a result of the British unions’ traditional suspicions vis-à-vis neo-corporatist arrangements or the absence of any interest in national “social pacts” on behalf of the employers, is a secondary question in the context of this thesis (cf. Hyman 2001; Crouch 1993).

The Danish data indicates a period of wage moderation during the early 1980s. Possibly, this trend is due to the end of the automatic pay indexation to inflation in 1981 and the decentralisation of the bargaining structure from the national intersectoral to the sectoral level, which occurred during the 1980s. In 1986 this period of wage moderation suddenly ended. Figure 3 shows an almost parallel development of real wages and productivity occurs afterwards, although if the former indicator increased in the early 1990s slightly more slowly than the latter. Hence one cannot observe the adoption of a competition bargaining policy by the Danish trade unions in the 1990s.

The Swedish situation also shows no signs of a continuing wage moderation policy. The late 1980s and 1990s showed an almost parallel development of real wages and productivity. Only during the two economic crises of the early 1980s and 1990s can one observe phases of wage moderation that included a reduction of purchasing power. This “stop and go” policy is an indicator for the adjustment capacity of the well-organised Swedish industrial relations system. International comparisons also play an increasingly important role in the wage setting. In the industrial sector social partners virtually agreed in 1997 that the Swedish average hourly labour cost should not increase faster than in the rest of Western Europe. At the same time, the Swedish blue-collar trade union confederation, LO, re-framed its wage
policy, in order to ensure low inflation as well as real wage increases as much as possible (Mermet 1999: 134). But this did not lead to a generalised wage moderation trend.

It is noteworthy that none of these three countries joined the European Monetary Union. Hence, the absence of Post-Maastricht wage moderation in the UK, Denmark, and Sweden confirms the views of scholars who associated wage moderation with the EMU (Crouch 2000a; Pochet 1999b).
2. Greece and Portugal: The two poorest Euro-counties

The comparison of the Greek and Portuguese real wage and productivity development suggests that also in these states no wage moderation policies have been adopted (Figure 4).

Figure 4: Real compensation and productivity in Greece and Portugal

![Real compensation and productivity in Greece](image1)

![Real compensation and productivity in Portugal](image2)


Figure 4 also suggests that the Portuguese unions did not pursue a technocratic renationalisation strategy in the field of wage bargaining. The Portuguese real wages have followed productivity. Despite this, Portugal fulfilled the Maastricht criteria easily, much to the surprise of the European Commission (1998). The government sponsored a tripartite concerted action programme, with the objective of reducing the extremely high inflation rate through a wage policy that aimed to keep pay increases in line with anticipated inflation. However, only the small, socialist UGT trade union signed the 1996 *short-term agreement*, which was based on the Portuguese working time law, and the *Strategic Concerted Action Agreement (ACE) 1996-1999*, while the larger, post-communist CGTP confederation rejected those agreements. The CGTP obviously preferred a differentiated and decentralised approach,
based more on power relations and the immediate interest of the workers, whereas the smaller UGT union based its wage policy on macroeconomic arguments. But also the UGT demanded not only a compensation for inflation, but also real wage increases covering the anticipated productivity gains (Naumann 1998). This claim was partly successful. The 1997 wage policy guidelines also included real wage increases to half the level of the anticipated productivity gains. However, the Portuguese prospects of a stable tripartite social pact are rather unsure. It seems that Portugal is consolidating its position as the country with the highest adjusted aggregate wage ratio of the EU. This position is still relative, given the considerably lower level of Portuguese purchasing power compared to all other EU states (Pernot 1999).

Finally, the Greek unions also seem to have rejected wage moderation. In the 1980s Greece’s real compensation increased at a higher rate than the almost stagnating productivity. As productivity improved during the 1990s, real compensation followed. In contrast, during the 1960s and 1970s the average annual changes in the wage ratio were very negative, namely -10.1 per cent and -8.6 per cent. Hence, up to now Greece has almost never followed the Western European trend, which is not surprising given the long lasting impact of authoritarian corporatism and industrial conflict in Greek employment relations. In contrast to most other EU countries, the government and the social partners failed to conclude a stable wage moderation agreement. Consequently, it was not so easy for Greece to meet the Maastricht criteria. In order to keep inflation down, the government had recourse to different ad hoc measures, for example consumption tax reductions (Ioannou 2000). However, Greece also joined the Euro-zone in 2001. Whereas Greek unions have so far resisted any wage moderation agreements, they might come under pressure, since Drachma devaluations – as in 1998 – are not available any more. This is particularly likely because the unions “have not given any detailed considerations to the far-reaching implications of EMU on standards of living, employment prospects and the scope of collective bargaining; nor have they come up with any detailed proposals” (Mouriki 1998: 181). However, the Greek unions seem rather self-assured, since international comparisons indicate that labour units cost in Greece are still lower than in the other southern EU countries (Mermet 1999). Therefore, the unions did not see any need for a competitive orientation of the wage policy.
C. Structural wage moderation

1. France and Spain: wage moderation without union involvement

In the French and Spanish case, the comparison of the real wage and the productivity development suggests that wage moderation has been a result of structural factors rather than a result of a corresponding policy of organised labour (cf. Figure 5).

**Figure 5: Real compensation and productivity in France and Spain**


As Figure 5 indicates, French’s real wage development stopped following productivity as early as 1983. Hence, one can observe wage moderation since the end of President Mitterrand’s initial socialist policy. However, it would be wrong to conclude that the French unions have actively chosen a competition state re-nationalisation strategy. Although most French employees are protected by collective bargaining agreements, this does not signify

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89 This paradox is entrenched in the frequent *erga omnes* extension of collective agreements to an entire sector by the French Ministry of Employment, even if only a minority of the unions, representing only a minority of
that the unions have a considerable impact in the wage determination. In the private sector especially it is hardly possible to distinguish bargained wage increases from those unilaterally put forward by the employers and the state. Most collectively agreed pay settlements differ not only from one enterprise to another but also geographically, from one départment to another. This implies in practical terms that unions have to build up separate negotiation power on the level of every single company unit, which is a very difficult task. Consequently, the state effectively sets the wage patterns, first, via its statutory minimum wage (Salaire minimum interprofessionnelle de croissance, SMIC) and, secondly by setting the salary increases for the public service, which accounts for a quarter to the French work force (Barrat, Yakubovich, and Maurice 2002).

According to the French labour law (Art. L. 141-3ff), the SMIC is indexed to compensate for inflation and to follow the general wage trend. Additional SMIC increases are possible, but again only if the government votes a decree. In 1997 the legally binding SMIC-wage was, in ¾ of all cases, above the wage fixed in the private sector collective agreements (Dufour 1998: 121). This has no direct consequence, except a lasting demonstration of the unions’ ineffectiveness to negotiate meaningful wage bargaining agreements. In this case worker’s pay sheets simply indicate, first, the wage according to the collective agreement and then, an extra amount of money in order to reach the SMIC-level. The French practice of wage moderation is not a product of social partnership, but a result of structural properties, namely, the decisive role of the statutory minimum wage (SMIC) and the weak work-place power resources of the French trade unions. Increasing “national competitiveness” is an issue for the French state, but not for the French labour movement. Ironically, the weakness of the French unions in the area of wage setting prevented them adopting a competitive wage moderation policy.

The Spanish case is similar to the French one. Moreover, the extremely high level of unemployment weakened the bargaining power of the Spanish unions, which further undermined their impact on wage setting. The Spanish government unilaterally flexibilised the labour market after it failed to sponsor a social pact in 1994. Enjoying a clear

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90 In 2003, the hourly SMIC rate was 7.19 Euro; http://www.insee.fr/fr/indicateur/smic.htm.
parliamentary majority, it did not need any additional legitimation of its policies by the “social partners”, in contrast to the “technical” Italian governments during the 1990s. Even if the social partners managed in 1997 to conclude three intersectoral agreements, the current conservative government and the employers are still favouring a neo-liberal US-type solution. The liberalisation of the labour market, including “measures that considerably lower the wages of certain groups” (Miguélez 2000), should bring about macroeconomic stability. In this context, it is not surprising that experts of both confederations UGT and CCOO already interpret a small real wage increase as an “improvement” (Gutiérrez and Urriza 1998: 321).

In conclusion, it is accurate to say that in France and Spain trade unions did not actively support national wage moderation. Given their weak power resources and the decisive role of the state policy, their support was, however, also not necessary for the implementation of wage moderation. It follows that both the French and Spanish unions did not adopt a technocratic re-nationalisation strategy in opposition to many other European trade unions. However, this does not reflect a conscious strategic decision, but rather the French and Spanish trade unions’ incapacity to play a strategic role in national wage bargaining.
D. Bargained wage moderation

1. The Netherlands and Ireland: Long-lasting social partnership

In the Irish and Dutch cases, the comparison of the real wage and the productivity development also seems to suggest that wage moderation has been a result of structural factors rather than a result of a corresponding policy change of organised labour. In fact, in both cases no sharp reorientation of the wage policy can be observed over the last two decades (cf. Figure 6).

Figure 6: Real compensation and productivity in Ireland and the Netherlands


Nevertheless, in both cases it is very probable that the unions actively supported wage moderation policies and, thus, contributed to the growing disparity between productivity and real wage development. The only reason why one cannot observe a radical shift in the real
compensation development in the above figure is that the respective Dutch and Irish social pacts had already been adopted in the early 1980s.

The “Wassenaar Agreement”, signed in 1982 by Dutch social partners and the government, was the starting point of a long-lasting policy of wage moderation. Whereas the annual changes of the wage ratio in the 1960s and 1970s were very high compared to other EU countries, namely +6.0 per cent and +5.2 per cent respectively (cf. table 4), figure 6 indicates an increasing gap between productivity and real wage development in the 1980s and 1990s. Furthermore, the constant development of both variables is a sign that EMU cannot be seen as the main cause of this development. The international press often praise the Dutch case as the most US-style economy of the continent.\textsuperscript{91} However, the Dutch development does not reflect a recent increase in market conformity, but a long-term interaction between the socio-political order, institutional agreements and the social partners (Visser and Hemerijck 1997). Nor can the Dutch situation be described as a simple competition bargaining strategy, at least not regarding the developments of recent years. In 1997 the Dutch unions signed the “Doorn declaration”, in which German and Benelux unions engaged themselves to reach bargaining results that fully compensate inflation and productivity increases. Ironically, in 1999 and 2000 the Dutch unions attained this level, in contrast to the Germans (Schulten 2000a). Nevertheless, it is also undeniable that the overall slow labour unit cost increases during the last two decades represented a competitive advantage for the Dutch economy. Here it should be noted that Dutch real wage moderation only had a competitive effect because it did not lead to a corresponding revaluation of the Guilder (Pohl and Volz 1997), since the Dutch currency was attached to the Deutsche Mark and represented only a small economy.

In Ireland the adoption of social pacts also dates back to the mid-1980s, when extremely high levels of unemployment, forced emigration and poverty characterised Irish society. In the 1990s the situation changed and Ireland profited from the highest growth and productivity gains in the EU. While many other factors – such as EU subsidies and low corporate taxes – are relevant for the sudden emergence of the “Celtic Tiger”, the central wage moderation agreements also played a crucial role in attracting more foreign investments (Hardiman 2000). The various tripartite social partnership agreements or programmes for competitiveness and work did not link the real wage development to the productivity development, but only to

\textsuperscript{91} See the International Herald Tribune’s commentary regarding the 1997 G7 summit, 1 July 1997.
inflation. The national agreements, however, were occasionally supplemented by enterprise level profit sharing agreements in the private, and by sectoral agreements in the public, sector. Correspondingly, the Irish wage-profit ratio dramatically declined from the highest level in the EU (82.0 per cent) in the 1960s to the second lowest in the 1990s (65.9 per cent). Only Dutch labour has a lower share in the national income (65.6 per cent). Moreover, Ireland still has the second highest rate of income inequality and poverty in the industrialised world, after the US, according to the United Nations Human Development Report (Dobbins 2001). Accordingly, Kirby (2002) and Allen (2000) presented very critical accounts of the “Irish miracle”, while Hardiman (2001) emphasised that restoring profitability was an essential precondition for the expansion of output and employment. Whatever the case, it is evident that the Irish unions actively supported wage moderation. Thus, it seems clear that “social partnership in Ireland since 1987 can best be understood in terms of the theory of competitive corporatism” (Roche and Cradden 2003: 87).

In conclusion, both the Dutch and Irish unions seem to have pursued a technocratic re-nationalisation strategy. Even if the rise of the competitive position of the national economy became, in both cases, a major policy objective, this development was not directly linked to the single market and the EMU. In fact, one cannot observe a major wage policy shift after the adoption of the Maastricht Treaty in the 1990s. In fact, in the Netherlands and Ireland, wage moderation was at the outset above all a means to overcome the deep economic crisis of the 1970s. This suggests that the Dutch and Irish unions gradually transformed their wage policies from a classical social democratic neo-corporatist strategy in the 1970s into a technocratic competition state re-nationalisation strategy in the 1990s.

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92 Even if the low wage ratio may be partially compensated by worker’s stock options schemes, this would not change overall trend in favour of capital, particularly given that only 10 per cent of the private sector workforce is covered by such enterprise-level agreements (Mermet 1999: 23).
2. Germany and Austria: Gradual shift to wage moderation

In Germany and Austria one can observe a gradual reorientation of the wage policy after 1993, which is after the adoption of the Maastricht Treaty (cf. Figure 7).

**Figure 7: Real compensation and productivity in Germany and Austria**

![Graph showing real compensation and productivity in Germany](image)

![Graph showing real compensation and productivity in Austria](image)


In Germany, the real compensation followed productivity gains quite well until 1993, as indicated by figure 7. Afterwards real wage increases were increasingly contained. This shift to wage moderation is not only a result of the increasing decentralisation and gradual erosion of the sectoral collective agreements (cf. Artus, Schmidt, and Sterkel 2000). It also mirrors the reduction of extra-pay above the collectively agreed wages that diminished the wage drift.

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93 In contrast to France, the German state rarely extends collective agreements to the whole economic sector. The most prominent exceptions can be found in the construction sector. Recently, the German state even adopted a legal minimal wage (above all for posted foreign workers) in the *Bauhauptgewerbe*, but also this minimal wage is considerably below the regular collectively agreed wage (*Tariflohn*) for skilled workers.
between negotiated and real wages, the huge economic and structural problems linked to German unification as well as the severe strains on the system imposed by an overvaluation of the Deutsche Mark (Bispinck and Schulten 2002). However, even though the German wage moderation policy was not caused by a national social pact, it is true to say that the trade unions supported this policy throughout the 1990s. The moderate German wage bargaining results find an additional explanation in the informal mutual reliance between the independent Bundesbank and the social partners. The social partners concluded moderate agreements to encourage a less monetarist Bundesbank policy (Schroeder 2000, interview); albeit Calmfors and Driffills’ precondition for bargained wage moderation, namely full encompassingness or bargaining centralisation, does not exist in Germany (Crouch 2000c: 211).

Also, the Austrian data indicates a clear change in the relationship between productivity and real wage development. Whereas both indications developed in parallel until 1993, real wages virtually stopped following the productivity increases in 1994. This is a clear indicator of wage moderation. Is this wage moderation a result of a re-nationalisation strategy wage policy of trade unions or is it a result of structural changes? The beginning of the Austrian wage moderation does not coincide with a widely publicised “social pact”. Therefore, the Austrian case is frequently neglected by the social pact literature, even if social partnership is deeply rooted in this country. According to Mermet (1999), it is likely that the collective bargaining parties virtually stopped negotiating wage increases above the inflation rate, in order to meet the Maastricht inflation criteria. Moreover, the “economic slowdown pushed down the employment rate, thus increasing the productivity per head at higher rates” (ibid.). Furthermore, the wage policy orientations of organised employers are frankly directed towards a competitive wage policy (Der Standart, 22. 04. 2000: 1).

In conclusion, given the well-established position of both the Austrian and German unions, especially in the wage development pattern setting metal industry, and considering that both the German and Austrian wage moderation started suddenly in 1993, one must conclude that the organised labour supported wage moderation in both countries.
3. Italy and Finland: Abrupt shift to wage moderation

The Italian and Finnish real wage development is marked by an abrupt shift to wage moderation subsequent to the adoption of respective social pacts (cf. Figure 8).

**Figure 8: Real compensation and productivity in Italy and Finland**

The Italian data clearly reveal the impact of the fundamental reorientation of the Italian income policy, following the abolition of the *scala mobile*, i.e. the automatic wage increases to compensate inflation, in 1992 and the interprofessional social pacts of 1993 and 1998. Despite the famous conflict-oriented image of the Italian industrial relation system, the three representative Italian trade union confederations – i.e. the left-wing CGIL, the catholic CISL and the social-liberal UIL – did not develop their neo-corporatist behaviour overnight. Whereas in the agitated post-1968 period all Italian trade unions conducted a maximalist and egalitarian income policy, they were already in 1978 prepared to exchange short-term goals, such as wage increases, against long-term objectives (Hege and Rehfeldt 1999: 62f; Sassoon 1997; Crouch and Pizzorno 1978).
The same pattern re-emerged in the early 1990s, where the Italian economy was in deep disarray and the whole political elite was in the turmoil of the “tanetopoli” corruption crisis (Ginsborg 1998). Concretely, the Italian 1993 social pact gave better access for the trade unions to the social policies of the government (e.g. in the field of pension reform) and introduced a new, unitary, bilaterally recognised, trade union structure within the enterprises, the Rappresentanze Sindacali Unitarie (RSU). In exchange the unions supported wage moderation, which eventually secured Italy’s EMU membership (Damiano 1998: 95). This suggests that the Italian social pacts of the 1990s have much more in common with the neocorporatist class compromises of the 1970s than with the technocratic idea of “competitive corporatism”. But even if “increased competitiveness” was never a focal goal of the Italian unions in relation to the 1993 social pact, the abrupt shift to wage moderation definitely improved the competitive position of the Italian economy. However, the Italian wage moderation did not create employment and led to a decline of the share of labour in the national income (Megale, D’Aloia, and Birindelli 2003). It is therefore not surprising that the trade union’s wage moderation policy was not welcomed by all rank-and-file unionists, which contributed to the emergence of new radical, autonomous unions called COBAS, in particular in the public sector (Hege 1999: 177).

Also, in Finland, the real wage growth compensated the productivity increases until 1991. Then the deep economic crisis (1991-93) and particularly the increase of mass unemployment from three to 18 per cent had a strong impact on the wage claims of the unions (Sauramo 2000: 155). Subsequently, the Finnish social partners and the Government agreed on a wage moderation policy in two centrally negotiated agreements (1995 and 1997). These Finnish pacts explicitly confirmed the so-called “solidarity wage policy”, which implies that “low-wage employees receive proportionally higher pay increases than the others (Kiander 1998: 111). Nevertheless, an increasing part of the GDP is now distributed to capital. This indicates a competitive strategy that it is, however, also compatible with the solidarity principal of the Scandinavian social model.95

94 Cf. Gian Primo Cella, a leading professor of industrial relations and CISL advisor (Cella 2001, interview).

95 This suggests that Streeck (2000) is mistaken to argue against the German trade unions that the abandonment of such “re-distributive” policies and the resulting increased social misbalance are “inevitable and even fundamentally acceptable”.

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Incidentally, the 1991-1993 crisis also showed the Finnish unions the limits of a pure wage moderation strategy. Consequently, the Finnish labour unions made their support for Finnish EMU membership dependent on the introduction of so-called “Buffer Funds”. These social security funds were claimed to enable anti-cyclical payroll social security-tax adjustments in case of asymmetrical economical shocks. This demand was successful as the 1997 social pact determined the creation of two stabilisation funds, for the pensions and the unemployment system. Trade unions and employers’ representatives jointly administer these funds. It was decided that the target size of the funds should be about 4 per cent of the wage bill. In the case of an external economic shock these buffer funds would provide a substitute for devaluation as well as wage cuts, by offering a chance for an anti-cyclical flexible social security taxes. In this case, the funds are allowed to accumulate debt up to 2 per cent of the wage bill. Since the unemployment rate decreased again during the recent years, the funds have easily accumulated their target sum by the end of 2000. While the Buffer Funds helped to secure larger support for the Finnish EMU membership, it is very probable that they will play a minor role in practice, since Finnish export industries are less expected to face a sharp downturn of export prices, given its changed structure and the weak Euro (Holm, Kiander and Tossavainen 1999; Foden 1998: 101). This does, however, not mean that the Finnish unions have stopped supporting wage moderation.
4. **Belgium: State imposed shift to wage moderation**

In Belgium the real wage development is also marked by an abrupt shift to wage moderation. In contrast to the other EU countries this shift can be explained neither by the adoption of a particular social pact nor by structural weaknesses of the labour movement, as in the French and Spanish cases (cf. Figure 9).

**Figure 9: Real compensation and productivity in Belgium**

![Real Compensation and Productivity in Belgium](image)


Similar to the general EU development, the Belgian data shows first a stagnation of the real wages in the 1980s, then a phase of real wage increases (even above the productivity increases), and finally after 1994, a real wage development again below the productivity rise. This is a clear indicator for wage moderation. However, the Government and not the social partners initiated the change of Belgium’s wage policy to a “competition state” configuration. In 1989 and in 1996 the Belgian parliament passed two laws on industrial competitiveness that tied the domestic wage developments to the hourly wage cost developments of France, Germany and the Netherlands. As a result, the social partners are still able to negotiate every two years a wage increase norm, but they are also constrained to respect the comparative ceiling set by the law on competitiveness. If the social partners fail to define a wage norm, the government imposes a settlement, as in 1996. Even if the Belgian unions have not favoured

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96 The second law on industrial competitiveness, which introduced an “ex ante” labour cost comparison with the Belgium’s main trading partners, can in particular be understood as a governmental reaction to the failed social pacts of 1993 and 1996 caused mainly by the opposition of rank and file trade unionists of the socialist FGTB trade union confederation (Pochet 1999a).
the establishment of a competitive wage policy, they were barred by law from concluding wage settlements which would lead to a bigger increase of the hourly wage costs than in Germany, France and the Netherlands. Consecutively, the Belgian unions have been at the forefront in establishing a bargaining policy coordination group of the Benelux-German confederations and some important sectoral trade unions, the so-called “Doorn group”, in order to overcome the straightjacket of the Belgian “competitiveness law” (Pochet 1999a).
E. Conclusion

This chapter aimed to test the technocratic re-nationalisation trade union strategy hypothesis in the area of collective bargaining. Therefore, I have attempted to answer the following empirical questions. Can we observe wage moderation in the EU member states ever since the adoption of the Maastricht treaty? If yes, did the trade unions actively support it, or was wage moderation rather a product of structural causes, such as high unemployment? In the latter case, wage moderation must be a general trend. In the former case, wage moderation should start and end in accordance with specific trade union policy shifts, such as the adoption of specific social pacts.

First, the chapter revealed that the French and Spanish trade unions might not be an essential factor for the implementation of wage moderation. However, these findings do not exclude the possibility that French and Spanish unions also might have welcomed wage moderation, but it seems that structural reasons rather than union policies were the crucial factor in this development. Indeed, it is open to question whether the French or Spanish unions were able to shape changes of the wage policies at the macro level at all. Hence, it is reasonable to argue that the Spanish and French trade unions did not pursue any EU-polity strategy in the area of collective wage bargaining.

Secondly, this chapter showed that a generalised wage moderation trend was missing in five EU member states. Moreover, it is true to say that the British, Danish, Swedish, Portuguese and Greek unions did not pursue a wage moderation policy after the adoption of the Maastricht Treaty. It follows that organised labour has not adopted a technocratic re-nationalisation strategy in these countries. In turn, however, it is also impossible to link the wage bargaining policies to one of the two Europeanisation strategies, i.e. Euro-democratisation and Euro-technocracy, as the unions of these countries neglected the European dimensions of wage bargaining. The UK, the Danish and Swedish unions could do so, as they had no instant concern about the Euro introduction, while the Greek and Portuguese unions did not perceive any transnational competitive pressures favouring the introduction of wage moderation as their wages were already the lowest in the Euro-zone. In fact, many Swedish, Danish, British, Greek and Portuguese unionists believe in the autonomy of the nation state, which seems to be reasonable given the particular context in which they
find themselves. This might explain why these unions are still pursuing a *democratic re-nationalisation strategy* in the area of collective bargaining.

Nevertheless, also the British, Swedish and Danish industrial trade unions are increasingly concerned with regard to their country’s competitiveness, for instance, in 1997 when the Dutch, German, Finnish and Sweden wage agreements undercut the Danish wage negotiation results (Due et al. 1998: 90). In the context of the increasing European economic integration also the British, Danish and Swedish unions are facing an increasingly difficult choice, namely, to choose between national sovereignty (which is seen as a cornerstone of their national welfare states by many unionists) and the desire for a stronger and more social EU regulation. Whereas the Swedish, Danish and British unions continue to be among the most EU sceptical organisations within the ETUC (Dølvik 1999), a gradual Europeanisation of their bargaining policies is taking place. In 1999 and 2000, for instance, the Danish unions of the export-oriented sectors took steps to apply the principles enshrined in the “Doorn” agreement of the Benelux and German unions and the bargaining coordination guidelines of the European Metalworkers’ Federation.  

Nevertheless, it should also be noted that the opposition to closer European cooperation is still vigorous in many Danish, Swedish and British unions, especially in the domestic sector (Due et al. 1998: 167). In fact, the unions of the three EU countries outside the Euro are split on the European currency issue, especially in Sweden, where a majority of the trade unionists rejected the Swedish EMU-membership in the 2003 referendum (*The Economist*, 23 August 2003: 21-2).

These observations emphasise that the relations between the different EU-polity strategies are dynamic. The adoption of a democratic re-nationalisation strategy in the area of collective bargaining seems to be closely associated with its degree of economic integration into the Euro-zone. It follows that the more the economic EU integration process steps forward the more the democratic re-nationalisation strategy will lose its appeal. However, it would be wrong to assume a constant, teleological development, as emphasised by the clear rejection of the EMU by the Swedish electorate in autumn 2003. Likewise, it seems that organised labour will only change its EU-polity strategies, if major structural changes – such as the introduction of the Euro – make strategic changes necessary (cf. Schmitz 1999, interview).

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97 See chapter VII.
Finally, this chapter showed that in seven of the 14 analysed EU member states organised labour actively supported the adoption of wage moderation policies. This is an unexpectedly small number of cases, if one recalls the very assertive argumentation of the advocates of competitive corporatism. Nevertheless, the review of the national wage bargaining policies confirms that the Austrian, Belgian, Finnish, German, Italian, Dutch and Irish unions, at least partially, embraced the paradigm of competitive corporatism. Therefore, it seems reasonable to argue that organised labour adopted a technocratic re-nationalisation strategy in the field of collective bargaining in these seven EU countries.

This conclusion especially applies to the Italian case where the change to wage moderation occurred not only after the adoption of a specific social pact, but also in a situation in which the unemployment rate remained rather stable (Zagelmeyer/Schulten 1997: Table 1). This suggests that the abrupt decline of the wage share in Italy is an outcome of organised industrial relations, rather than simply a result of the “market forces”. Though, increased competitiveness was not always the explicit policy objective of the concerned trade unions. And even in the Netherlands, in Finland and in Ireland, which are for many exemplary cases of competitive corporatism, wage moderation was initially not directly connected to the question of international competitiveness, but to a severe national economic and political crisis. This observation reveals a methodological problem.

While it is essential to analyse the link between the wage development data and the recently concluded social pacts, wage moderation is not per se a sign of competition state nationalism. Indeed, a wage policy is not “competitive” if wage moderation is later used to adjust a weak economy to external shocks. In contrast, a wage policy is “competitive” if wage moderation is used within a strong economy in order support national enterprises to conquer a larger share of the EU and global markets, even if the domestic economy is not hit by a specific external shock. Whereas the former may stabilise the economic and social system within the Eurozone, the latter may itself produce economic shocks, which may lead to cycles of wage dumping.

But the distinction between offensive and defensive wage moderation might be too sophistic, at least from a practitioner’s perspective. In fact, the unions of one country must perceive any

98 It must be restated that Luxemburg was not included in this study, due to its very small population.
“defensive” use of wage moderation by a union of another country as an “offensive” threat as to their own competitive position. Though, this distinction is not only of academic interest, because it points out a practical dilemma of national wage policy. National wage moderation has – in the context of an integrated market – intrinsically a double character, similar to rearmament within the cold war’s dynamics of the arms race (Wellmann 1997). This makes it empirically quite impossible to distinguish the “defensive” from an “offensive” use of concession bargaining objectively, as this distinction depends first and foremost on the particular viewpoint. There is no only “objective” way out of this dilemma, except the establishment of a common understanding that is shared by all involved unions. Therefore, one can only proof the “competition bargaining” or the “technocratic re-nationalisation” thesis wrong, if one witnesses an international agreement of a coordinated European collective bargaining policy.

Ironically, however, trade unions will only attempt a European coordination of their wages policy, if there is a need for it, or, in other words, if they believe that international competition bargaining actually takes place. As long as unions believe in the autonomy of national wage bargaining systems they will hardly attempt any European coordination of their policies. Hence, in contrast to the established understanding, “competitive corporatism” should not be seen as a static anti-thesis of any Europeanisation of collective bargaining. While it would be flawed to believe in a teleological development of organised labour’s EU-poliy strategies in line with the classical functionalist European integration theories (Haas 1968), it is, however, credible that the four competing EU-poliy strategies are dialectically related to each other. As the declining autonomy of national systems and increased international competition made the contradictions of the democratic re-nationalisation strategy apparent, it was predisposed to be replaced by a technocratic re-nationalisation strategy. Likewise, competitive corporatism could also pass over into its negation – namely, a European coordination of collective bargaining – as the result of conflict between its contradictory aspects. In fact, the tendency of competitive corporatism to set off self-defeating cycles of concession bargaining might be an effective catalyst of an Europeanisation of organised labour’s wage bargaining policies. Incidentally, the president of the ETUC and the Austrian trade union confederation, Franz Verzetnitsch, started to highlight the dangers of an isolated national wage policy as he
realised that the policy of wage moderation – which he hitherto frequently supported – might also engender adverse consequences. 99

This does not, however, weaken the preliminary finding of this chapter, namely that in seven EU countries organised labour apparently adopted a technocratic re-nationalisation strategy in the field of collective bargaining. Yet, the previous methodological remarks also emphasised that these initial results need to be further assessed in the light of the emerging European collective bargaining coordination attempts, as will be seen in the following chapter.

99 “Eine völlig isolierte Lohnpolitik auf nationalstaatlicher Ebene bringt die Gefahr mit sich, dass durch geringere Lohnsteigerungen kurzfristige Wettbewerbsvorteile gegenüber anderen europäischen Staaten gesucht werden. Gesamteuropäische handelt es sich dabei um ein Nullsummenspiel - die Arbeitslosigkeit im eigenen Land kann nur auf Kosten einer höheren Arbeitslosigkeit in den Nachbarländern reduziert werden. Auch ist es letztlich aus nationalstaatlicher Sicht ein vergebliches und sogar gefährliches Opfer, da die Nachbarstaaten zu einem ähnlichen Verhalten provoziert werden, was für den gesamten, überregionalen Wirtschaftsraum ein deutlich gebremstes Wachstum und die Gefahr der Deflation mit sich bringt” (Verzetnitsch 2000: 10).
VII. EUROPEAN WAGE BARGAINING COORDINATION

Since 1993 real wages stopped following productivity increases in all Euro-zone countries, except Portugal and Greece. The previous chapter showed that the bargaining policies of many national unions supported the development either to confront a particular national economic crisis or to increase the international competitiveness of their own economy. However, by the end of the 1990s some unions and academics started to question the merits of such a “competitive” bargain strategy, given its disappointing outcomes. While the share of labour in the national income declined considerably in most EMU countries, the expected compensations for organised labour, such as job creations, did not often materialise.

Already in 1993, the DGB-related Economic and social research institute (WSI) commissioned research on the social and economic effects of EMU (cf. Altvater/Mahnkopf 1993, Busch 1994, European Metalworkers’ Federation 1998). All these studies emphasised the danger of an EMU stimulating a downward spiral in wages. However, wage bargaining became a real European issue only after the adoption of the Euro. Hitherto most unions supported the integration process for political reasons, without bothering too much about its concrete implications, as acknowledged by the DGB official Klaus Schmitz and many other union leaders (Gobin 1998). In turn, the increased wage competition in the late 1990s encouraged several unions to explore the possibility of a cross-border coordination of their wage bargaining policies. While European collective bargaining has been discussed in the past, for the first time the unions effectively envisaged a European coordination of their wage bargaining policies.

100 „Historisch gesehen war der europäische Integrationsprozess politischen Erwägungen zufolge ausgesprochen gewollt […]. Dies führt dann dazu, dass man sich nicht unbedingt damit beschäftigen muss, weil eine Gewerkschaft sich erst dann mit Fragen beschäftigt, wenn man Probleme für die Mitglieder sieht. Dies betrifft die ganze Phase der 60er, 70er und 80er Jahre. Die eigentliche Konkretisierung der europäischen Themen entstand erst mit dem Binnenmarktprozess, da erst dieser Prozess, zumindest in einigen Branchen, Auswirkungen auf das wirtschaftliche Gefüge in Deutschland hatte. Dies verschärfte sich noch einmal entscheidend durch die Währungsunion. Mit anderen Worten, die Gewerkschaften haben erst dann gemerkt, dass es eine reale Beeinflussung ihres Handlungsspielraumes durch die europäische Politik gibt (Schmitz 1999, interview).
On 5 September 1998, the Belgian, Dutch, German and Luxembourg union confederations and their largest affiliated unions adopted in Doorn (NL) the so-called “Doorn declaration”. Concretely, the unions committed themselves to seek in their national bargaining negotiations increases that fully recompense the national inflation and productivity increases. It was the declared aim of this guideline to exclude a competitive race of wages to the bottom and to keep the share of labour in the national income stable. In actual fact, if the “total value” of a collective bargaining agreement matches the sum of inflation and productivity increases, then the distribution of the national income between capital and labour remains stable. Consequently, the Doorn guideline designated this “neutral distributive margin” as the benchmark for collective bargaining (Kreimer-de Fries 1999). At its third collective bargaining conference on 9 and 10 December 1998 in Frankfurt am Main, the European Metalworkers’ Federation also adopted an equivalent “European coordination rule” for national bargaining (Schulten and Bispinck 2001; Gollbach 2000). Finally, in December 2000, the ETUC also adopted a corresponding European collective bargaining coordination initiative (Mermet 2001; Traxler and Mermet 2003). By contrast, the European Federation of the Building and Wood Workers’ (EFBWW) pursued a completely different European collective bargaining coordination approach, whose primary aim was to defend the autonomy of national collective bargaining.

This chapter assesses the two diverging European collective bargaining initiatives, namely, the EMF-Doorn-ETUC and the EFBWW approach, in relation to the four hypothetical EU polity trade-union strategies.

- Are these initiatives falsifying the democratic re-nationalisation strategy hypothesis? If yes, one would expect that the concerned national unions acknowledge the end of the autonomy of their respective national wage bargaining policies.

- Are they falsifying the technocratic re-nationalisation strategy hypothesis? If yes, one would expect an end of wage moderation reflecting the European wage bargaining guidelines.

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101 The “total value” of an agreement consists of the increase in labour cost caused by both wage rises and other improvements, such as reduced working time. Hence, the labour costs index may be a close approximation of the total agreement value.
• Are these initiatives part of an emerging technocratic Europeanisation strategy? If yes, one would expect European wage coordination policies that are compatible with the technocratic, regulatory approach that governs the EU economic and monetary policy.

• Are these initiatives part of an emerging democratic Europeanisation strategy? If yes, one would expect a European-wide discussion of these guidelines in the union press and among trade union activists, joint European collective actions and a politicisation of the regulatory approach that governs the European economic and monetary policy.

The research was also designed to be both cross-national and cross-sectoral. This makes it possible to see whether the conflicting Europeanisation of collective bargaining approaches are country, or sector, specific (cf. Marginson, Sisson, and Arrowsmith 2003). Concretely, the chapter compares the Doorn/EMF/ETUC and the EFBWW collective bargaining coordination approaches and assesses their impact in Germany, Italy and France.

A. European coordination and national autonomy

Collective bargaining belongs to the core activity of the trade unions. The sovereignty of unions and employer organisations to conclude collective agreements is a recognised constitutional principle in almost all EU countries. Likewise, many have argued that unions would never voluntarily sacrifice their national autonomy. For this reason, one would expect that the unions would always affirm the autonomy of their national wage bargaining systems and, therefore, pursue a democratic re-nationalisation strategy.

In this section, the democratic re-nationalisation strategy hypothesis is put to the test. After a brief discussion of earlier attempts to introduce any Europeanisation of collective bargaining, the chapter discusses the rationale behind the two conflicting, contemporary Europeanisation approaches, i.e. the EMF-Doorn-ETUC and the EFBWW initiatives, relative to the “affirming the autonomy of the nation state” indicator of the democratic re-nationalisation hypothesis.
1. The rise and demise of “Euro-corporatism”

a) The tripartite attempts of the 1970s

The call for a European coordination of collective bargaining has a longer history than one might think. Already in the 1960s, for instance, the sociologist André Gorz suggested that

“the working-class cannot avoid being forced to shoulder the burden of oligopolist competition unless it can both answer management’s arguments with a detailed and precise comparison of labor costs, working hours, and fringe benefits in other countries (the systematic exchange of information between the different labor federations is therefore indispensable); and coordinate its demands, especially in the case of contract renewal negotiations. Only in this way is it possible to avoid the eventuality that labor victories in one country, relating to wages, hours, vacations, and restrictions on the profit trade, may be exploited by the manufacturers of another country in order to take over a part of the former’s markets.” (Gorz 1967: 183)

However, this analysis did not convince Gorz to propose centralised collective bargaining at the EEC-level either. This would not only be impossible for the moment but also lead to bureaucratic sclerosis. The EEC “is nothing more than the technocratic emanation of States in which the working-class holds no power whatsoever and it is free from all control by representative assemblies.” Therefore, he feared that “to participate in the definition of a supranational policy under these conditions would be, for the working-class, to cut itself off from the masses by entering into a confidential relationship with technocracy and representatives of big business; it would be to agree to fight without weapons against fully armed adversaries, to accept predetermined structures which would then be impossible to challenge.” If EEC decision-making were subject to democratic control by representative assemblies, which could influence its policy and mobilize the masses around alternative perspectives, then participation would make sense but that would not be the case. Nevertheless, he also rejected the “sterile” attitude of simply rejecting the EEC integration process and the third alternative, that of “sitting back and waiting” (ibid. 185). In contrast, he proposed a leapfrog tactic, “in which the labor movement of each country fights for the advantages won by the labor movement of another country, so that each labor movement spurs on the other movements because one of them will always be ahead of the others in the advantages it has won relating to one or another aspect of the work situation. The coordination of demands does not in effect imply their perfect identity. On the contrary, heterogeneity should be maintained as a source of perpetual ferment and agitation” (ibid.).
André Gorz’s vision was ahead of its time. In fact, it did not engender any immediate trade union response. However, in 1973 nearly all trade union confederations of the EEC and EFTA countries set beside their ideological and national differences and eventually founded the European Trade Union Confederation (ETUC). This event is important for this section, as a coordination of bargaining policies would only occur if the different national unions possess a European forum to discuss and foster joint policies. Nevertheless, the establishment of the ETUC did not question the autonomy of its national affiliates.

In the mid-1970s the European Trade Union Confederation (ETUC) tried to find a joint European response to the economic crises. In 1975, the ETUC successfully lobbied the Council of Ministers to create a *tripartite conference* of capital, labour, government and European Commission representatives at the EEC level (Barnouin 1986: 90). This was not an easy case within the ETUC, given the reluctance of some national unions vis-à-vis both neo-corporatism and the EEC. The British Trades Union Congress was careful not to surrender its national autonomy to European tripartite bodies. Nevertheless, the ETUC agreed at its second congress in London in April 1976, to a joint campaign to influence the *tripartite conference* and to achieve the objective of full employment by 1980. The main claim of this campaign was a general reduction of working time, namely the 35-hour- working week as well as five weeks of paid vacation. Until 1978 national governments, the commission, employers’ organisations and the ETUC participated in four tripartite conferences, in which a whole range of neo-corporatist solution to the economic crises were discussed. These European discussions also included policies that clearly belonged to the realm of national collective bargaining and policy-making, such as working-time reduction, wage moderation, creation of employment in the service sector, alternative public investments and other employment-creating measures. However, in November 1978 these tripartite negotiations finally failed. The ETUC was no longer willing to participate in these meetings, given their non-binding results in consequence of employer resistance (Gobin 1996: 511). Despite an intervention by the German Chancellor Schmidt and the Commission to reconsider this decision, the ETUC remained firm on this issue (Barnouin 1986: 95). Then, with the election

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102 The ETUC and DGB president Heinz Oskar Vetter in particular pushed forward this initiative, which might explain his support for Euro-corporatist arrangements that resembled German social partnership.

103 Apparently, this initiative marks one of the first European collective bargaining coordination attempts since the historic call of the *Second International* in 1889 for May Day strikes in favour of the 8-hour working day, which established the 1st of May as the worker’s day in almost all countries of the world (Sassoon 1995).
of Margaret Thatcher on 3 May 1979 and the free market oriented EEC-Commission chaired by Gaston Thorn in 1981 any revival of neo-corporatist bargaining at the EEC-level definitely became unrealistic. As a result, the European coordination of collective bargaining policies disappeared for a long time from the union agendas, apart from declamatory congress resolutions\textsuperscript{104} and informal information exchanges, for example within the “collective bargaining committee” of the EMF (Schauer 1999, interview).

Until the 1990s, collective bargaining effectively remained a national issue. Even the prospect of the EC single market project in 1992 hardly cast any doubts on this subject. Streeck and Schmitter highlighted the structural obstacles to explain the absence of any Europeanisation of collective bargaining, such as the absence of a European central bank, centralised collective bargaining between capital and labour, the mutual incompatibility of existing national industrial relation systems and the absence of hierarchy and monopoly of the different potential neo-corporatist European players (Streeck and Schmitter 1991).

Nevertheless, it is not evident that these structural obstacles were decisive. My interviews with trade union officials showed that no national union effectively called for a European coordination of collective bargaining. Most European unions – including the influential German industrial sector unions, such as the IG Metall – believed until the early 1990s that they could pursue an autonomous national collective bargaining policy. They therefore displayed little interest in a genuine Europeanisation of collective bargaining (cf. Schauer 1999, interview; Feldengut 1999, interview; Schmitz 1999, interview).\textsuperscript{105}

In conclusion, it is safe to argue that until the adoption of the Maastricht Treaty, the national unions still believed in the autonomy of their national bargaining systems. This explains the demise of Euro-corporatism in the 1970s and suggests that the unions were effectively pursuing a democratic re-nationalisation strategy, despite the occasional adoption of ETUC congress resolutions that stated the contrary.

\textsuperscript{104} For instance, in 1988 the ETUC congress in Stockholm adopted a resolution that urged its affiliates to request the 35-hour working week, but it hardly had any effect at the national level (Lecher 1993: 416).

\textsuperscript{105} In the German case, the national orientation of the unions has even been complementarily reinforced by German unification. In fact, the reconstruction of the western trade union structures in East Germany absorbed almost all organisational resources of the West-German unions to the detriment of their European activities (cf. Fleury 2000, interview).
b) The “symbolic” Euro-corporatism in the 1990s

In the mid-1990s some believed in a new beginning of “European collective bargaining”, as the adoption of the social protocol of the Maastricht Treaty constituted a legally defined “social dialogue” procedure at the EU-level (Dølvik 1997; Lo Faro 2000). In detail, the treaty protocol attributed to the social partners the right to conclude agreements. Within a precisely defined field of social policy, these agreements could even become legally binding, provided their endorsement by the European Commission and Council. Incidentally, this provision has not only been supported by the ETUC, but also by its counterpart, the Union of Industrial and Employers’ Confederations of Europe (UNICE).  

However, it is open to question whether these negotiations should be called collective bargaining. The German trade unions perceived the European social dialogue more as “negotiated legislation” rather than genuine collective bargaining. In fact, the European social dialogue covers only a limited field of social policy issues and explicitly excludes one core issue of collective bargaining, namely wages (cf. Articles 137 and 139 TEC). Moreover, it could barely be analysed as a genuine case of collective bargaining, because the European trade unions possess neither a transnational right to strike nor any other substantial means to exercise any substantive pressure on the employers at the EC-level, except the threat that the European legislators might enact a more constraining directive if the social partners fail to adopt a common position. Nevertheless, it is also true to say that the EU social dialogue constituted the first centralised negotiations between representative employers’ organisations and trade unions at the EU-level, even though they only came to pass in “the shadow of the law” (Bercusson 1994: 20).

So far the European social dialogue had produced only four interprofessional agreements: on paternal leave (1996), part-time work (1997), fixed-term contracts (1999) and telework (2002) (Falkner 2003). Nevertheless these agreements set minimum standards that improved the social protection in some EU member states (Kowalsky 2000: 65f). Moreover, the Maastricht

106 It appears that the “social dialogue” represented the lesser evil for the UNICE compared to the traditional mode of EC social policy-making by the Council and the European Parliament. In fact, many have argued that UNICE only supported the European social dialogue to control, delay and dilute the European social legislation.

107 Though, the right to strike has been recognised in the Charter of Fundamental Rights, which should become an integral part of the future EU constitution as well as the Council Regulation No. 2679/98, which protects this right against any interference derived from the EC right of establishment or free movement (Veneziani 2002: 60).
social protocol also supports social dialogue negotiations at sectoral level. This process also yielded some results, as the number of sectoral agreements reached is growing (Dubbins 2002). But a more qualitative assessment of these agreements reveals that most sectoral agreements are not binding. They are inclined to set only recommendations, which subsequently need to be interpreted, specified and enforced at national or local level. Occasionally, sectoral agreements led also to binding European directives, but this only happened if the Commission had a particular interest.\textsuperscript{108} In conclusion, the European social dialogue agreements covered far less contentious topics, such as vocational training, if compared to the typical collective bargaining on redistributive issues, such as wages (Dubbins 2002; Keller 2003).

Nevertheless, the European social dialogue convinced the national unions to increase the authority of their European confederation. In 1995 the ETUC changed its statutes in order to create an effective “bargaining order”. Concretely, a new article 11\textsuperscript{bis} states that both the decisions about a negotiation mandate and its outcome should have the “support of at least two thirds of the organisations directly concerned by the negotiations.” This reduced the autonomy of its individual affiliates, which cannot any longer veto ETUC decisions. All ETUC affiliates supported the abrogation of the unanimity principle, because the adoption of corresponding, clear-cut “rules of procedures” also guaranteed national ETUC delegates a better involvement and “democratic control” over ETUC policy (Dølvik 1997: 401). Nevertheless, for grassroots trade unionists, problems of democratic legitimacy still exist. Such as the decision-making by the Council of ministers, where national \textit{executives} (i.e. government ministers or their envoys) act as \textit{legislators} at the EU-level, the national union \textit{executives} have the last word within the ETUC and the sectoral European union federations (Schmitz 1999, interview). The ETUC secretary general Emilio Gabaglio also acknowledged this fact. However, he also rejected the assertion that ETUC would actually mirror the same “democratic deficit” it itself assigns to the Council of ministers:

“La démocratie syndicale et politique européenne sont fondées sur la délégation, bien qu’il existe des pratiques de la démocratie directe, notamment en Suisse mais aussi en Italie et en France. Nous ne reprochons pas aux Conseil des ministres qu’il décide dans un secret relatif, mais qu’il ne décide pas à la majorité qualifiée. Par contre, au sein de la CES on vote à la majorité. Cela prouve qu’il n’y a pas seulement un ensemble des intérêts nationaux mais aussi une vision d’ensemble européenne. Je ne pense pas qu’on puisse faire un référendum parmi les 60 millions adhérents de la CES, toutefois il faut assurer un maximum de participation aux décisions de la CES. Dans le cas actuel des négociations européennes sur les contrats de travail temporaire, nous informons et consultons les organisations membres de la CES régulièrement.” (Gabaglio 2001, interview)

However, it remains very difficult for local and national trade union constituencies to hold the ETUC decision-makers accountable. This is especially true if the ETUC executives and national union leaders find it objectionable to discuss openly the contents of a European social dialogue agreement prior to their ratification through the ETUC executive. As long as ETUC decisions only entailed limited consequences, this did not matter too much. In contrast, the more important European trade union federations become, the more the question of internal transparency and democracy grows in significance.

In conclusion, the ETUC and the sectoral European trade union federations gained a quasi-public status as “co-legislators”, with the development of the European social dialogue. Despite its limited scope, which reflects the incapacity of the unions to credibly threaten industrial or political conflict at the EU-level, the development of the European social dialogue is of importance for the subject of this chapter. Jon Erik Dølvik concluded his study of EU social dialogue with a discussion of the following points made by Marks and McAdam: that the “casual arrows from union-building to state building go in both directions” and that it makes sense to conceive of the “modern polity as the outcome of a prolonged and above all, mutually interactive process of political restructuring” (Marks and McAdam 1996: 98).

Incidentally, in 1999 a DGB official sent an e-mail to other German and European trade unionist criticising the European social dialogue bargaining outcome on “fixed-term contracts”. This e-mail motivated the ETUC general secretary, Emilio Gabaglio, to write a complaint to the DGB executive, which, in turn, tried to penalize the official responsible (cf. [http://www.labournet.de/solidaritaet/abgeschlossen/dgb.html](http://www.labournet.de/solidaritaet/abgeschlossen/dgb.html)). It seems that Gabaglio feared that the DGB would oppose the fixed-term contract agreement, despite a promise that the DGB would support it, if in exchange the ETUC would not seek higher membership fees. Hence, “issue linking” is not the exclusive property of decision-making in the Council.
Whereas Dølvik found solid evidence for the second part of the equation, namely, that the EU trade union building has been strongly influenced by the EU state building, he acknowledged that it is much more difficult to find evidence for the reverse part of the equation. Even so, Dølvik argued that the establishment of the European social dialogue by the Maastricht Treaty was contingent on prior union pressure, which emanated in response to earlier re-launch of social dialogue by Jacques Delors’ European Commission (Dølvik 1997: 528).

With the benefit of further hindsight, it is also true to say that the European social dialogue considerably contributed to the rise of authority of the ETUC and to an increased participation of national union leaders in European trade union politics (Falkner 2003). However, the most significant motivation the Maastricht Treaty entailed for an Europeanisation of national trade unions was arguably not the establishment of the European social dialogue procedure, but the introduction of the European Monetary Union. Until the EMU and the increased international competition exhibited its negative impact on national wage developments in the late 1990s, the Europeanisation of trade unionism has been advocated mainly by “European idealists”, for instance, from the Italian CISL and the French CFDT union confederations (Pernot 2001; Ciampani 2000; Dølvik 1997: 269f; Gobin 1996).

In the mid-1990s this situation changed, especially as the German unions started to realise that the national autonomy in the field of collective bargaining (Tarifautonomie) is increasingly exposed to transnational pressures. However, the corresponding reorientation from an “Euro-idealistic” to an more “realistic” European trade union policy started outside the “symbolic Euro-corporatist” framework of the European social dialogue (Schulten 2000b), at the level of the sectoral European trade union federations and bilaterally between the German and Benelux unions within the so-called Doorn process.
2. Setting European benchmarks: the Doorn/EMF/ETUC approach

Decades after its original publication, trade union researchers of the German WSI institute rediscovered Gorz’s visions (1967) in a project on “Collective bargaining in the light of the European Monetary Union” that was commissioned by the European Metalworkers’ Federation (Schulten, Bispinck, and Lecher 1998: 3). Hence, Gorz’s thesis is still considered relevant, which also means that the European coordination of collective bargaining represents an unsolved problem. However, while Gorz’s leapfrogging tactics were to set off an upward contest for better working conditions, the contemporary coordination rules aim to prevent a downward competition. Moreover, while Gorz’s approach did not question the autonomy of national unions, the Doorn, EMF and ETUC approach limits the discretionary power of the national affiliates by the setting of a European performance benchmark:

“The key point of reference and criterion for trade union wage policy in all countries must be to offset the rate of inflation and to ensure that workers’ incomes retain a balanced participation in productivity gains. The commitment to safeguard purchasing power and to reach a balanced participation in productivity gains is the new European coordination rule for coordinated collective bargaining in the metal sector all over Europe.”

The Doorn, EMF and ETUC guidelines recognise that the national unions keep their full autonomy in respect of how they use this distributive space for the improvement of wages and working conditions. This flexibility mirrors the fact that the various national bargaining structures differ considerably, which virtually excludes any nominal harmonisation of collective bargaining at the EU level in the near future. Nevertheless, the Doorn, EMF and ETUC guidelines restrict the autonomy of national unions by the setting of a “EU convergence criterion”. This criterion concerns the key variable of collective bargaining, which is the actual quantity of the distributive space that the negotiations should secure. This engenders the puzzling question that even the ETUC official in charge of the EMU could not answer at that time (Coldrick 1998): Why should national trade unions voluntarily accept a supranational benchmarking criterion that limits their autonomy in their most important policy area?

110 Cf. EMF (1998a) and Schulten and Bispinck (2001). The Doorn agreement and the ETUC guideline actually abide by the same “rate of inflation plus gains in productivity” rule (Mermet 2001).
This question is even more striking, if one considers the actual substance of the guideline. Given its “distributive neutrality”, it is surprising that the Doorn/EMF/ETUC guideline has been perceived as a pro-labour benchmarking criterion. In actual fact, the guideline effectively abandons a traditional collective bargaining goal of organised labour, namely that of a distribution of profits in favour of employees.\footnote{111} Hence, it seems that the trade unions are happy with the defence of the \textit{status quo}, which seems to be a good indicator for their current estimation of the balance of power.

Correspondingly, the Doorn declaration was not inspired by theoretical considerations. Without the competitive constraints of the 1996 Belgium “\textit{loi relative à la promotion de l’emploi et à la sauvegarde preventive de la compétitivité}”, the two Belgian unions would hardly have sought any cross-border cooperation with the unions from neighboring countries (Pochet 1999a, Kreimer-de Fries 1999).\footnote{112} As discussed above, this Belgian law linked the Belgian wage increases to those in Germany, France and the Netherlands. It follows that, paradoxically, Belgian workers depend above all on the strength of the trade unions in their neighboring countries.\footnote{113} In this situation the Belgian unions accepted the demise of their national autonomy in consideration of the Belgian law on competitiveness and growing European economic integration (Pochet 2000, interview). This choice is remarkable. In fact, the Belgian unions had also the option to defend the legal autonomy of collective bargaining against the Government’s political intervention. Likewise, the director of the international affairs department of the German \textit{Industrie-Gewerkschaft Bauen-Agrar-Umwelt} (IG BAU), Frank Schmidt, could not understand why the Belgian unions did not challenge the law on competitiveness, as it arguably violated the ILO conventions on free collective bargaining and free trade unionism:

\begin{itemize}
\item \footnote{111} The German trade unions, and especially the IG Metall, typically requested a “redistributive component” in addition to the full competition of inflation and productivity increases to adjust the distribution ratio between profits and earned incomes in favour of employees.
\item \footnote{112} Nevertheless it is true to say that academic expertise and conceptual thinking played a significant role in the Doorn, EMF and ETUC process, too (see below).
\item \footnote{113} Hence the decision of the former leader of the Belgian Christian \textit{C.S.C. métal} union, Bert Thierron, to leave his home country to become an official in the international department of the IG Metall Frankfurt was, indeed, a rational one (Thierron 1999, interview). In fact, today a strong \textit{IG Metall} is probably more important for Belgian workers than a strong \textit{C.S.C. metal}.
\end{itemize}

The Belgian unions avoided an open confrontation with the government, because they feared that the government would abolish the automatic indexation of wages in case of any conflict (Pochet 2000, interview). In turn, the choice of the Belgian unions to accept the law that links collective bargaining to international benchmarks also suggests that they do not believe any more in the national autonomy of collective bargaining.

Likewise, the European Metalworkers’ Federation (EMF) increasingly articulated doubts regarding the real autonomy of national collective bargaining. In 1993, the EMF postulated that its member unions should reach a consensus on the coordination of their bargaining policies to prevent international competitive struggles. Bearing that in mind national collective bargaining should endorse the following objectives: protect real wages, give workers a share in productivity gains and redistribute unjustified high income from capital to labour (EMF 1993). In October 1996, the EMF agreed that if the wage increases are lower than inflation in a particular country, then the affiliates from this country should explain this event in a report to the EMF (EMF 1996). In July 1998, the EMF approved a working time charter, according to which working time must not exceed an annual maximum of 1,750 hours (EMF 1998b). In December 1998, the EMF adopted its European coordination rule cited above, which set a clear European collective bargaining performance criterion that is to be the point of reference for all unions (EMF 1998a; Schauer 1999, interview).

Also the German, Italian, French and Belgian unionists interviewed during this study accepted that national collective bargaining de facto is losing much its autonomy in the Euro-zone. However, my interviews also show that this feeling of a diminishing national autonomy differs from country to country. It is greatest among Belgian and at is weakest among Italian unionist (cf. also Marginson, Sisson, and Arrowsmith 2003). But even the Italian FIOM-CGIL trade union, which in the 1970s conceived wages as an independent variable, accepted that collective bargaining is increasingly determined by transnational dimensions (Damiano 2001, interview).
Hence, the adoption of the 1998 EMF European wage bargaining rule was not perceived as a sacrifice of national autonomy, but rather an attempt to reconstitute a space for collective bargaining by means of a European coordination. The EMF affiliates accepted the demise of the national autonomy of collective bargaining under the Euro and also agreed to set up a European monitoring system, i.e. the “EUCOBA-database” that assesses the national bargaining developments.\footnote{Cf. http://www.emf-fem.org/index.cfm?target=/collective_bargaining/default.cfm. Given the absence of any sectoral agreement in the UK, it is, however, very difficult to assess the UK bargaining developments (Marginson, Sisson, and Arrowsmith 2003). The same measurement problems occur in France as a consequence of the dominance of company-level wage bargaining.}

Certainly, the EMF possesses no coercive power to authoritatively enforce its coordination guidelines (Keller 2000). However, this does not question the fact that its affiliated unions voluntarily adopted the guidelines. This does not necessarily signify that the EMF unions pursue an Europeanisation strategy. However, it suggests that they no longer believe in the national autonomy of bargaining systems, which implies that they are no longer pursuing a democratic re-nationalisation strategy. Nevertheless, the question of the compliance with the EMF guideline is of course important. It will be discussed in the following section assessing the coordination attempts in the context of the technocratic re-nationalisation thesis. First, however, I will continue the discussion of the democratic re-nationalisation thesis, in the light of the other European coordination attempts.

Other industrial European trade union federations had also adopted similar European coordination guidelines. The graphical section of UNI-Europa has also adopted a wage coordination rule based on inflation and national productivity with the objective of obtaining as large a share of the productivity increase as possible. Moreover, it also approved an annual maximum working time guideline of 1,750 hour (Gennard and Newsome 2001). The guideline of European Trade Union Federation: Textile Clothes Leather (ETUF-TCL) also follows the EMF example, although its coordination guideline allow for exceptions (Dufresne 2000). The least demanding guideline had been adopted by the European Mine, Chemical and Energy Workers’ Federation (EMCEF). It called only for the compensation of inflation (Dufresne 2002b; Le Queux and Fajertag 2001). This rather weak coordination guideline corresponds to a traditionally very low level of transnational trade union cooperation in the
chemical industry. Without a doubt, the oligopolistic and ethnecentric character of the major players in the chemical industry hindered cross-border cooperation, as the national unions not only represented different national, but also different cooperate interests.\textsuperscript{115} Nevertheless it is accurate to say that in the late 1990s most European trade union federations set off a new phase in EU bargaining coordination. Especially in the manufacturing sector trade union leaders became increasingly aware of the declining autonomy of national bargaining systems considering the intensifying European economic integration processes.

Eventually, a discussion on the objectives of coordinating national collective bargaining at the EU-level also began within the ETUC. A certain spill over of the discussions among the Doorn and the EMF trade unions to the ETUC took place. The 9\textsuperscript{th} Congress of the ETUC, held in Helsinki in June 1999, adopted the resolution \textit{Towards a European system of industrial relations}. It identified the need for increasing coordination of collective bargaining policies because of European integration and the arrival of the Euro. In consequence, the ETUC Executive Committee in September 1999 set up the ETUC \textit{Collective Bargaining Coordinating Committee} replacing the \textit{Industrial Relations Committee} and urged the ETUC’s research and training institutes to assist the committee with scientific expertise and the organisation of training courses for national union officials (Cochet 2002). At the December 2000 Executive Committee the ETUC affiliates agreed to a “Resolution on coordination of collective bargaining” (ETUC 2001b). Like the Doorn/EMF guideline, the ETUC defined the national inflation plus productivity rate as benchmark for national collective bargaining. This goal would guarantee a balanced distribution of the wealth created by workers and businesses. It was also agreed to collect quantitative and qualitative data on national collective bargaining, relate it to the guideline and assess the data in an “Annual Report on the Coordination of Collective Bargaining in Europe”, which will be discussed in the ETUC executive (ETUC 2001a).

After three years of coordination one can conclude that ETUC guidelines are by and large accepted as a benchmark for national collective bargaining in Europe. All trade unions answered the corresponding ETUC questionnaire (ETUC 2002b). Even the union

\begin{footnote}
\textsuperscript{115} I.e. BASF, Höchst and Bayer in the German case, Rhône Poulenc in the French case, and so forth (Bertrand 2001; Schäppi 2002, interview). It is, therefore, not very surprising that the first joint action of French and German trade unions in the chemical sector occurred just after the \textit{AVENTIS} merger, which created the first genuine transnational player in the industry (Vallée 2000, interview).
\end{footnote}
confederations that initially did not welcome the Doorn/EMF guidelines, such as the Italian and the French, eventually accepted the guideline as a yardstick (see below). In doing so, the national unions renounced their autonomy with regard to the interpretation of their bargaining results. The ETUC guideline introduced a clear performance criterion, which counteracts a common practice of unions; namely, that of presenting every bargaining result as a success.

In conclusion, the adoption of the Doorn/EMF/ETUC guidelines represents a major change of the trade unions collective bargaining strategies. Whereas national criteria clearly dominated the bargaining agendas until the introduction of the Euro, the adoption of the Doorn/EMF/ETUC guidelines indicates that most unions accept that national wage bargaining is no longer an autonomous national matter. This acknowledgement effectively rules out the pursuit of a democratic re-nationalisation strategy, which depends on national autonomy.

Before drawing a too general conclusion it is, however, important to discuss the alternative bargaining coordination approaches that had been propagated by the European Federation of the Building and Wood Workers’ (EFBWW). In fact, the EFBWW approach aimed – in contrast to the ETUC and the European trade union federations of the manufacturing sectors – to defend the national autonomy of collective bargaining.
3. Re-establishing national autonomy: the EFBWW approach

Instead of implementing a “top-down” European wage coordination formula, the European Federation of the Building and Wood Workers’ (EFBWW) started in the early 1990s a “bottom-up” transnational information exchange approach. In so doing, the EFBWW unions aimed to protect the autonomy of national collective bargaining in the context of an increasingly “European labour market” (Köbele and Leuschner 1995; Baumann, Laux, and Schnepf 1996; Wiesehügel and Sahl 1998).

The completion of the European Single Market and the fall of the iron curtain led to enhanced transnational competition on various local labour markets in Western Europe (Hunger 2001). Ever since 1990, the local labour market in the building sector of Berlin, for instance, has been characterised by a huge influx of foreign “posted workers”. In contrast to the classical immigrants or “guest workers”, these “posted workers” were usually not employed by domestic companies. They remained employees of “foreign companies”, even if they were actually working in Germany. Moreover, several German construction firms set up their own “Portuguese daughter companies”, in order to bypass the German collective bargaining agreements (Schmidt 2000, interview). This practice was made possible by the establishment of the “free movement of services” by the European Single Act. Under these conditions the German wages and working condition standards came under huge competitive pressures, although both the German government and the EU adopted in the 1990s regulations that aimed to protect the national labour standards in the construction sector.

In 2000, only 23,000 workers were actual residents in Berlin, whereas the majority of the Berlin construction sector workforce was composed of posted workers from other EU- (30,000 workers) or Central and Eastern European states (30,000 workers) (Knerler 2000, interview). This numbers are even more impressive, if one takes into account that approximately 30,000 Berlin workers have lost their jobs since 1990. Although this situation was exceptional, as a consequence of the extraordinary post-reunification construction boom in Berlin, the Europeanisation of the construction market put considerable competitive

\[116\] In other East German regions the competitive pressure was lower, as the multinational construction companies concentrated their activities on the enormous construction sites in the new German capital and neglected the smaller sites in the province (Artus, Schmidt, and Sterkel 2000).
pressure on the domestic collective bargaining agreements. It became increasingly difficult for the local unions to enforce the local working and living conditions. In fact, how is it possible for a German union to monitor the compliance of a company with the German collective bargaining agreement if the company actually administers and pays the wages for its Portuguese employee that it sent to Germany in Portugal?

In turn, the European Federation of Building and Woodworkers’ (EFBWW) and its member unions from the high wage countries, such as the German IG Bauen-Agrar-Umwelt (IG BAU), adopted a “democratic re-nationalisation strategy”, which aimed to restore the autonomy of national collective bargaining. On the one hand, the EFBWW successfully lobbied the EC to adopt the so-called “posted workers directive” in 1995, which obliges employers of immigrants or “posted workers” to comply with the working conditions of the posted worker’s host country. The adoption of the European posted workers directive has also been pushed forward by the adoption of national laws, such as the German Entsendegesetz that was a result of successful IG BAU lobbying (Behrens 2002; Davies 1997; Eichhorst 2000; Eichhorst 1999; Kolehmainen 2002).

On the other hand, the EFBWW affiliates not only tried to protect their domestic union members through a closure of the local labour markets, but also through an increased transnational cooperation among trade unions from different countries (Baumann, Laux, and Schnepf 1996; Schnepf, Laux, and Baumann 1997). In practical terms, the German IG BAU concluded, for instance, several bilateral agreements with the construction workers’ trade unions from Austria, Switzerland, Portugal, Italy and Poland to facilitate the transnational trade union assistance for posted workers (Schulten 1999b; Dribusch 2003b; Gottschalk and Laux 2000). These agreements include a mutual recognition of trade union membership rights, information exchange and mutual assistance for the transnational enforcement of wages and working conditions as well as the exchange of national trade union officials.

Especially, the transnational exchanges of local union officials proved to be very valuable. Until 1999 the trade union officials of the Berlin branch of the IG BAU seldom approached and organised posted workers. This situation changed after a six month trade union official

exchange between the Swiss Gewerkschaft Bau und Industrie, which retains a long-lasting experience in the organisation and integration of migrant workers, and the IG BAU Berlin (Steinauer and Von Allmen 2000; Schiesser 1999). Eventually, also the IG BAU Berlin adopted a much more open attitude towards the organisation of posted workers, not least because the German union officials understood that the organisational survival of the IG BAU is increasingly dependant on its capacity to organise the foreign workforce (Eichhorn 2000, interview; Knerler 2000, interview). Moreover, IG BAU started to cooperate with community associations of foreign workers in Germany, such as the Polska Rada Społeczna (Polish Social Council), even if notable tensions between the two organisations continued to exist, due to the IG BAU’s intolerance of “illegal immigrants”, i.e. workers without working permission (Roth 2000, interview; Schmidt 2000; interview).

In another case the EFBWW approach to support specific cross-border trade union contacts was even more successful; namely, in the case of the “biggest European constitution site” that is the “Neat” transalpine tunnel project across the Italian/Swiss alps (Baumann 2000). It led to an effective cooperation of trade unions from various countries, which also ensured a joint representation of entire multinational workforce vis-à-vis the employers (Bürcher 2000) (Rando 2001).118 This cooperation not only facilitated the enforcement of the Swiss wages and collective bargaining agreements for the posted foreign workers; it was also functional for the organisation of a successful strike against unhealthy working conditions in the “Lötschberg” tunnel segment of the NEAT project.119

The EFBWW approach of increased transnational exchanges does not question the formal autonomy of the actors involved. Nevertheless, it seems that they have set off important transnational and intercultural learning experiences. Hence, the transnational exchange of information and experiences between trade unionists might have a greater Europeanisation effect than one might expect. Nevertheless, it is very difficult to assess systematically the impact of such cross-border exchanges, as also demonstrated by the necessarily rather

118 This case is also relevant for this thesis, because the EC und Switzerland signed in June 1999 several bilateral treaties that bound Switzerland to almost all EC single market rules, including those concerning the free movement of persons and services, http://www.admin.ch/ch/f/eur/index.html.

anecdotic accounts of the effects of such cross-border trade union exchanges in other sectors.\textsuperscript{120}

Anne Dufresne depicted the \textit{Doorn-EMF-ETUC} “inflation and productivity” collective bargaining coordination formula as a “German” paradigm. She supported her claim by pointing to the important role German unionists played in adopting such a wage coordination guideline within the EMF and other European trade union federations (Dufresne 2002b). However, the German IG BAU unionists also played a decisive role in designing the EFBWW approach, which differs fundamentally from the \textit{Doorn-EMF-ETUC} approach. Likewise, the German IG BAU official in charge of European affairs could not understand the Belgian trade union confederations at all: how could they agree to link their national collective bargaining policies to those of their neighbouring countries?

"Ich kann nur persönlich sagen, dass die belgische Politik der Zentralverbände ein einziges elend ist. Wie kann man sich darauf einlassen die eigene Tarifpolitik an die eines anderes Landes zu binden, ohne Rücksicht auf die unterschiedlichen Brachen und nationalen Besonderheiten" (Schmidt 2000, interview).

Hence, the differences between the EMF and the EFBWW approaches might mirror the different nature of economic Europeanisation in these different economic sectors. Whereas in manufacturing, the Europeanisation processes is mediated through the free movement of goods, in the construction sector Europeanisation is mediated through the free movement of persons and services. While in manufacturing local unionists are not personally confronted with the workers of (foreign) competing enterprises, in construction the transnational wage competition takes place locally on the same construction sites. These divergent sectoral situations require different Europeanisation strategies. In consequence, Frank Schmidt argued, the Doorn/EMF approach became the dominant European wage bargaining coordination approach only due to the dominant position of the manufacturing and metalworkers’ unions in the European labour movement.

\textsuperscript{120} See, for example, the discussion about the impact of the “collective bargaining partnerships”, which regional IG Metall districts have established with foreign unions in cross-border regions. While the involved union officials generally recognise that these exchanges reinforced their transnational and intercultural awareness, its effects were said to be above all “psychological”, which does not mean that they are meaningless (Marginson, Sisson, and Arrowsmith 2003; Gollbach and Schulten 2000; Gollbach 2000).
4. European conceptual frameworks and national autonomy

This section aimed to assess the Doorn/EMF/ETUC and the EFBWW European bargaining coordination approaches in the light of the democratic re-nationalisation strategy hypothesis.

In sectors where the Europeanisation processes of the economy need to be enforced locally, such as in construction, domestic collective bargaining approaches continue to be essential. In fact, the EFBWW combined national and European elements in its collective bargaining coordination policy. On the one hand, the EFBWW unions aimed to secure the autonomy of national bargaining systems against the competitive pressures of the single market. On the other hand, the EFBWW also realised that the national labour standards can only be defended, if both European legislation and a European cooperation between the unions support this goal. Accordingly, the construction workers’ unions not only successfully lobbied for the European posted workers’ directive, which defends (national) labour standards against a unregulated European market, but also sought bilateral exchanges between unions, which contributed to transnational learning processes, at the local-level. Nevertheless, it is also true to say that the EFBWW did not determine the prevailing ETUC strategy in this policy field.

Trade unions confederations always filter out certain interest and suppress others (Hyman 1999: 97). This axiom also applies to the ETUC and the so-called “Doorn group” (composed of the German and Benelux trade union confederations). In fact, the ETUC and Doorn approaches on the European coordination of collective bargaining as been set by the pattern-setting metalworkers’ unions, which exercise a crucial influence, especially in the field of collective bargaining coordination. This situation mirrors, however, not only the relative strength of the manufacturing trade unions within the European labour movement, but also the different Europeanisation processes that take place in different economic sectors. Given the almost unrestricted movement of goods in the European market, the EBFWW

[121] The metalworkers’ unions influence the ETUC both directly though the European Metalworkers’ Federation and indirectly given their strong position within the various national union confederations, such as the DGB.

[122] Certainly, the public service unions in many countries, such as France, became the most important unions. However, even in France the European departments of the union confederations still tend to be dominated by metalworker trade unionists.
approach, which aims to re-establish of national autonomy of collective bargaining, is simply not promising in most sectors of the economy any more.\textsuperscript{123}

The adoption of a joint European benchmarks shows that most Doorn, EMF and ETUC unions admitted the demise of the national autonomy in collective bargaining after the introduction of the Euro and the single market. This explicates why these unions voluntarily accepted a European performance criterion, which limits the autonomous evaluation and conduct of their national bargaining policies. This indicates a development of a European conceptual framework for collective bargaining, which suggests the decay of any democratic re-nationalisation strategy that depends on the notion of national independence.

Nevertheless, some unions might also have agreed to the EMF/Doorn/ETUC guidelines to assess the competitive standing of their own bargaining polices. It follows that only a thorough review of national bargaining policies will tell whether one can witness the pursuit of a Europeanisation strategy of organised labour. Only at that stage will it be possible to irrevocably falsify the competitive corporatism or the “technocratic re-nationalisation” hypothesis. Since the construction workers’ unions of the EFBWW did not adopt any European collective bargaining guidelines, the following section studies only the performance of the German, French and Italian metalworkers’ unions and national trade union confederations.

\textsuperscript{123} Nevertheless, it must be recalled that even after the completed implementation of the single market programme, the movement of goods is still limited by additional factors, such as transportation costs. Correspondingly, it has been suggested that the introduction of a transnational energy or CO\textsubscript{2}-tax would not only serve ecological means, but would, at least partially, protect the autonomy of local production systems against the global competitive pressures (Altvater and Mahnkopf 1999).
B. European benchmarks and national competitiveness

The previous chapter demonstrated that many national trade unions pursued during the 1990s a competitive wage bargaining strategy. These unions accepted wage increases below the productivity development to enhance the competitive position of their own countries. However, it has also been showed above that most unions have accepted that the autonomy of national wage bargaining is increasingly declining. Therefore, the trade unions of the Doorn group, the EMF and the ETUC consecutively agreed to European collective bargaining benchmarks in order to limit the competitive pressures on wages and working conditions. This virtually makes it impossible for the unions to pursue a democratic re-nationalisation strategy, as (national) democracy requires (national) autonomy.\textsuperscript{124} However, it is still possible that some trade unions are pursuing a technocratic re-nationalisation strategy despite their commitments in favour of a European coordination of collective bargaining.

This section puts the technocratic re-nationalisation strategy hypothesis to a second test. It will be seen whether this competitive wage bargaining trend is continuing, despite the adoption of the European bargaining guidelines of the Doorn group, the EMF and the ETUC. First, the recent wage, inflation and productivity development data of 14 EU member states will be analysed (as explained earlier, Luxembourg, due to its size, is not considered). This makes it possible to assess whether the national wage developments are in line with the European guidelines of the Doorn Group, the EMF and the ETUC. Secondly, the section reviews the recent wage setting policies in Germany, France and Italy, which are the three most important Euro-zone countries in economic terms, as they account for 70 per cent of the Euro-zone’s Harmonised Index of Consumer Prices (HICP).\textsuperscript{125}

\textsuperscript{124} Certainly, it is possible that unions favour wage moderation, in exchange for other goods, on the basis of the “democratic aspirations” of their members, as exemplified by the neo-corporatist social pacts of the 1970s. But if wage moderation becomes the only option to avoid the loss of jobs to other countries, than one can hardly qualify the decision in favour of wage moderation as “democratic”. Accordingly, it is widely accepted that “elections” where the electorate has no choice between competing candidates are not democratic.

\textsuperscript{125} Germany’s weight is 31 per cent, France’s 20 per cent and Italy’s 19 per cent, Spain’s 10 per cent and the weight of the remaining eight small states is only 20 per cent (Hancké/Soskice 2003: 158).
The analysis of the German, Italian and French cases is also appealing, as pattern bargaining seems to be the only probable scenario for European wage coordination. It must be reiterated; a development towards either centralised or sectoral wage bargaining at the EU-level is very unlikely. While Lars Calmfors identified the German unions as the “natural candidate” for the setting of a European pattern, he also believed the French, Italian and Spanish unions might oppose such a German wage leadership, in contrast to the Austrian, Belgian and Dutch unions (Calmfors 2001: 22). In fact, the German, French and Italian trade unions not only stand for different bargaining policies and structures, but also different perceptions of the European bargaining coordination guidelines. While the DGB and the IG Metall actively campaigned for its adoption, neither the French and the Italian unions showed any particular interest in these European guidelines, at least, at the beginning.
1. The overall assessment of the ETUC guideline

While in 2001 nominal wages in the EU rose more than the ETUC guideline (inflation plus productivity), the developments of 2002 mark a return to the 2000 situation, when wage rises were below the sum of inflation plus productivity. The following figure 10 neatly illustrates this trend, displaying both the EU and Euro-zone inflation, inflation plus productivity (ETUC guideline) and wage development.

**Figure 10: ETUC guideline, inflation and nominal wage evolution**

![Graph showing wage evolution in the Euro-zone and EU-15](image)

Source: (ETUC 2002b) based on European Commission data and forecasts

*Data: Inflation: Harmonised Index Of Consumer Prices (HICP)*
*Productivity: GDP per worker*
*Wages: remuneration (total wage costs per worker)*

It is noteworthy that the *Euro-zone* data indicate that wages (the curve in bold) have increased and will increase below the guideline, while they are in the EU as a whole above the guideline in 2001 and matched it in 2002. Once more, this confirms the thesis that the EMU might restrain the wage development. Nevertheless, the ETUC claimed that its collective bargaining coordination guideline “has certainly had an effect on negotiations, especially as regards the margin for manoeuvre given by inflation and productivity” (ETUC 2002: 4). However, the ETUC statement seems to be premature. Figure 10 does not demonstrate that the ETUC bargaining guideline altered the wage moderation trend in the EU. Moreover, a meaningful evaluation of the ETUC guideline must assess not only the nominal wage development compared to the established target, it must also demonstrate that the wage developments were influenced by the ETUC guideline. Therefore, it is necessary to examine the impact of the ETUC guideline also at the national level (cf. Table 6).
Table 6: National use of the “distributive space” indicated by the ETUC guideline

<table>
<thead>
<tr>
<th>Country</th>
<th>Nominal Wage increases minus (Inflation and Productivity) increases (in per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2000</td>
</tr>
<tr>
<td>AU</td>
<td>-2.3</td>
</tr>
<tr>
<td>BE</td>
<td>-1.4</td>
</tr>
<tr>
<td>DE*</td>
<td>-2.6</td>
</tr>
<tr>
<td>DK</td>
<td>-1.4</td>
</tr>
<tr>
<td>GR</td>
<td>-4.6</td>
</tr>
<tr>
<td>ES</td>
<td>-0.7</td>
</tr>
<tr>
<td>FIN</td>
<td>-2.4</td>
</tr>
<tr>
<td>FR</td>
<td>-0.1</td>
</tr>
<tr>
<td>IRL</td>
<td>0.4</td>
</tr>
<tr>
<td>IT</td>
<td>-0.8</td>
</tr>
<tr>
<td>NL**</td>
<td>-0.4</td>
</tr>
<tr>
<td>PT</td>
<td>--</td>
</tr>
<tr>
<td>SE*</td>
<td>0.1</td>
</tr>
<tr>
<td>UK</td>
<td>-0.6</td>
</tr>
<tr>
<td><strong>UE-15</strong></td>
<td>-1.2</td>
</tr>
<tr>
<td>Mean</td>
<td>-1.3</td>
</tr>
<tr>
<td>STDEV</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Source: ETUC (2002: 16-18) and own calculations

*Inflation: Harmonised Index Of Consumer Prices (HICP)*  
**Productivity: GDP per worker; except * Hourly productivity; ** Producer price  
Wages: nominal wage rise p.a., national union data, except *** negotiated 4 % rise per 9 month  
Mean: Arithmetical mean of the above quoted national data  
STDEV: Standard deviation of the above quoted national data.
Table 6 demonstrates to what extent the wage increases made use of the “distributive space” indicated by the ETUC guideline. A close reading of these data yields two rather diverging interpretations. On the one hand, the recent development shows a rising link between the wage developments and the ETUC target in many EU states. In fact, over the past three years the averages get closer to zero, i.e. closer to the ETUC target. This might suggest a certain impact of the ETUC guideline. On the other hand, the national developments remain divergent, as one cannot observe a decline of the standard deviation. This makes it difficult to claim that the ETUC guideline shaped the EU wage development, unless one can prove that the guidelines had been implemented differently in the different countries.
2. The German development

Figure 11: ETUC guideline, inflation and negotiated evolution in Germany

Source: ETUC (2002)

Figure 11 shows that negotiated wages in Germany were below the ETUC guideline in 2000 and 2001 and even below the inflation rate in 2001. Germany missed the ETUC guideline in 2000 by -2.6 per cent and in 2001 by -2.1 per cent. This result is even more significant, because in Germany, the negotiated wages increase was higher than the nominal wages rise.\textsuperscript{126} In 2002, the negotiated wages went slightly beyond the ETUC guideline (+0.4 per cent). However, this rise only partly compensated for the negative use of the guidelines’ “neutral distributive margin” during the two previous years. Nevertheless, one should also pay attention to the fact that in 1999 wage increases were 1.7 per cent above the ETUC guideline (ETUC 2001a: 24).

Hence, the German collective wage bargaining results did not abide by the ETUC guideline. A comparison of the German data with the wage developments in other countries even indicates that German unions were among the most unsuccessful agents of the ETUC wage bargaining coordination policy (cf. table 6). This result is puzzling, given that the German

\textsuperscript{126} In contrast to most other EU countries, in Germany a negative wage drift was observed throughout the 1990s. While the WSI Works and Staff Council Survey 2002 shows that the number of companies that pay supplements to the collectively agreed rates remain stable, the amount of the additional payments are supposed to be declining (Bispinck and Schulten 2003). Moreover, it is also noteworthy that the norm setting capacity of German collective agreements declined, especially in East Germany and in the construction sector (Artus, Schmidt, and Sterkel 2000).
unions belonged to the architects and strongest supporters of the European collective bargaining coordination guidelines.

As stated above, the real wage development in Germany ceased to follow the productivity increase in 1993. German trade unions tacitly supported this wage moderation trend, even though this did not imply the absence of industrial conflicts. The unions only used collective bargaining as a means to restore social rights weakened by the conservative government of Helmut Kohl, rather than an instrument to secure substantial real wage increases.\textsuperscript{127}

After the electoral victory of the SPD (Social Democratic Party of Germany) in the general election of September 1998 the situation changed. The unions declared the end of their “false modesty” and once more urged wages increases that made full use of the “neutral distributive margin”. The new German finance minister, Oskar Lafontaine, and his Euro-Keynesian economists and state secretaries, Claus Noé and Heiner Flassbeck, not only explicitly supported the unions’ new leitmotiv; that of the “\textit{Ende der falschen Bescheidenheit}”, but also actively encouraged their European wage coordination attempts.\textsuperscript{128} Simultaneously, Minister Oskar Lafontaine and his French counterpart, Dominique Strauss-Kahn, promoted an EU-wide project for the coordination of economic policy that intended a Euro-Keynesian revival of the EU economy (Dufresne 2002a).

Given this political context the wage-pattern-setting IG Metall managed in spring 1999 to obtain real wages increases, which went even beyond the Doorn/EMF bargaining guidelines. Also, in the other Doorn countries, one could observe an equal development. Hence, when union representatives from Belgium, Germany, Luxembourg and the Netherlands met in September 1999 to evaluate the 1999 bargaining rounds, they concluded that the Doorn bargaining coordination attempt would be a success. In 1999, the negotiated wage increases,

\begin{itemize}
  \item \textsuperscript{127} For instance, in autumn 1996 the government passed a new law, which reduced the statutory level of continued payment of remuneration in the event of sickness from 100 per cent to 80 per cent of previous income. As a result, the continued payment of remuneration became a major trade union priority in the 1997 collective bargaining round. Cf. \url{http://www.eiro.eurofound.ie/1997/12/Feature/DE9712251F.html}
  \item \textsuperscript{128} Both Euro-Keynesian economists and SPD politicians published several opinion articles in the daily press and trade union related academic journals that supported this claim (cf. Flassbeck and Spiecker 2000; Noé 1998; Flassbeck 1998a; Flassbeck 1998b; Flassbeck 1997).
\end{itemize}
which ranged between 2.6 per cent and 3.1 per cent, were meeting the benchmark of the Doorn declaration (Bispinck 2000).

During the year 2000, however, an increasing potential for conflict within the unions over wage moderation can be observed. In 1999, the German unions negotiated real wage increases above the productivity increase, but in 2000 the DGB accepted national wage bargaining guidelines within the so-called *Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit*, which did not match the Doorn/EMF European bargaining guidelines (Bispinck/Schulten 2000). Even though the German sectoral unions (especially the IG Metall) declared that they would not accept any interference of the *Bündnis* in the bargaining autonomy of the unions, the bargaining results in 2000 and 2001 felt short of the ETUC bargaining benchmarks.

The incongruencies between the 1999 and the 2000/2001 collective bargaining rounds correspond to conflicting social democratic policy orientations. Until Oskar Lafontaine resigned from all of his political offices in March 1999, “Euro-Keynesian” thinking dominated the economic policy of the German social democratic government (cf. Dufresne 2002a). Real-wage increases were in vogue given their supposed positive effects on consumer demand. Afterwards, however, Wolfgang Streeck and other “new centre social democrats” declared the end of the Euro-Keynesian approach and openly advocated the adoption of a competitive supply-side bargaining strategy.

Wolfgang Streeck was not only analysing the German development as a social scientist, but he also tried to influence it as a political adviser to the new centre social democrats. Streeck acknowledged, in contrast to neo-liberal scholars, that his new market-oriented vision would not be entirely compatible with his “view of an ideal or normatively preferable social order” (1999a: 6). Nevertheless, he argued that while firms “could afford to sustain unused resources and allow unions and works councils to divert them to redistributive solidarity” (1999a: 2) in the past, this period would have come to an end in the current age of intensified

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130 Incidentally, Streeck acknowledges that this type of social democracy cannot be distinguished “from an activist liberalism which pursues social justice through intervention in the distribution, not of market outcomes, but of the capacities for successful market participation” (Streeck 1999: 6).
competition. Consequently, he dismissed the traditional social democratic concept of solidarity and social justice, because it would presuppose an “economy tolerant of slack”. Streeck also directly attacked the unions claiming that they negotiated “secure employment” in “overpaid jobs” for “less productive workers”. He supposed that the manifold protections from competition in the oligopolist and Fordist industrial and the public service sectors caused the “labor shedding of the 1990s” (ibid. 2). In other words, unemployment would not be a result of “false” macroeconomic policies (as the Euro-Keynesians argued) but a result of labour costs that were of too high reflecting extensive union power and a resultant anti-competitive collective bargaining cartel. Streeck’s language is remarkable. He apparently felt that only a provocative critic would lead to the desired fundamental transformation of the German collective bargaining policy alongside the imperatives of the national “competition state” concept.

Streeck’s argumentation was not without influence within the German trade union movement. The introduction of the Euro increased the prospects of a competitive wage moderation strategy for the German unions, since the resultant threat of a revaluation of the Deutsche Mark did not exist anymore. It follows that the real driving force of “wage competition” in the Euro-zone might not be the former weak-currency countries using wage moderation in order to adjust an economy to external shocks, but the countries of the former DM-zone using proactive wage moderation in order to further increase their economic position. Hitherto, the latter strategy was only available for the small national economies of the DM-zone, like the Netherlands, but not for Germany itself. This changed with the introduction of the Euro. Now Germany could also join the wage moderation race, without fearing that a revaluation of the Euro would counteract this strategy.

These conflicting social democratic policy orientations lead to ambiguous union policies. While Streeck’s provocative position also provoked virulent opposition from union leaders,¹³³

¹³¹ Streeck described, for example, the German railway system before privatisation as a “social fund with a railway attached to it” (Streeck 1999: 6).

¹³² In spite of that Flassbeck and Spiecker (2000:16) argued that the negative effects of wage moderation on domestic demand would still outweigh the positive export effects in a large and relatively closed economy. Actually, while exports represent only 31 per cent of the German GDP, the export share is 63 per cent in the Netherlands and even 79 per cent in Belgium (Maurice 2001).

¹³³ Cf. the dispute between Streeck and many union leaders at the scientific “50 years DGB jubilee” conference,
it is also true to say that the unions simultaneously tried to fit their policies into the supply-side oriented framework of the *Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit*. While the German unions were instrumental in the adoption of the Doorn, EMF and the ETUC European coordination guidelines, they were at the same time seeking an agreement with the German employers and the government, to enhance the competitive stance of the “Standort Deutschland”. This led to the pursuit of a logically inconsistent, but nevertheless visible, double strategy. While the German unions accepted the competitive logic of the *Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit* they simultaneously tried to overcome it. However, a critical assessment of the 2000/2001 bargaining round suggests that the national *Alliance for Jobs* commitments clearly prevailed over the unions’ European coordination of collective bargaining commitments.

In January 2000, the IG Metall started its bargaining round demanding an increase of 5.5 per cent, to finance both general wage increases and the contributions for a new early retirement packet. IG Metall justified its claims on the grounds of an assumed increase in prices of 1.5 per cent, a predicted increase in productivity of 3.5 per cent and a small ”redistribution component” of 0.5 per cent, reflecting the high profitability of the metal industry.\(^{134}\) It follows that the IG Metall *claims* were completely in line with the EMF/Doorn guidelines. However, in March 2000 new collective agreements were concluded, first, in the chemicals, and then, in the metalworking sectors that were clearly conflicting with the EMF/Doorn guidelines, but in line with the targets of the with the national *Alliance for Jobs* guidelines, which had been adopted by the DGB, the German employers’ associations and the German government just a few days before the publication of the *IG Metall’s* initial collective bargaining claims.\(^{135}\) In March 2000 the North Rhine-Westphalia branch of the IG Metall signed a biannual *pilot agreement* with the regional *Gesamtmetall* employer organisation branch, which foresaw pay increases – calculated on an annual basis – of only 2.5 per cent in 2000 and 1.7 per cent in 2001 (Schulten 2000a). These increases were exceptionally low by comparison to the

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135 The Alliance guideline stipulated *longer-term* agreements, which should orient themselves around a “distributive margin” based on productivity growth, which should not only be used for pay increases but also for the financing of ”employment-creating early retirement schemes”. Incidentally, unions and employers’ associations disagreed on whether the guideline included the compensation of inflation or not.
estimated productivity (3.1 per cent in 2000 and 2.3 per cent in 2001) and inflation (2 per cent in 2000) increases, even if one adds the estimated 0.3 per cent labour cost increase related to the new early retirement scheme.

These moderate bargaining results had been celebrated by the Schröder Government, the employers’ associations, the European Central Bank as well as the majority of the media as a major success of the reasonable Bündnis für Arbeit, Ausbildung und Wettbewerbsfähigkeit. These positive appraisals of wage moderation also mirrored a corresponding change in government policy, following the departure of Oskar Lafontaine and his Euro-Keynesian experts from Schröder’s cabinet (Kreimer-de Fries 2001, interview).

The 2000/2001 bargaining round, however, caused frustrations and vocal criticisms within the German union movement. The head of the central IG Metall’s collective bargaining department, Heribert Karch, implicitly criticised the local negotiators of its North Rhine-Westphalia branch, as they apparently signed the NRW-“pilot agreement” without the consent of the central IG Metall collective bargaining department and just a few hours before the assumed pilot region Baden-Württemberg planned to go on strike. This highlights the growing problems of the IG Metall to coordinate the activities among its different regional branches and political currents. In fact, the different regional IG Metall branches represented not only different industrial structures, but also different political orientations. While the head of the IG Metall’s North Rhine-Westphalia branch, Harald Schartau, was one of the first IG Metall officials who established a cross-border links with its neighbouring Belgian and Dutch metalworkers’ unions (Gollbach 2000), he did not approve of the “professorial” Euro-Keynesian thinking that inspired the EMF guideline:

"Es ist ein Gebot der Klugheit und des langfristigen Überlebens: Natürlich muss die IG-Metall mit der Einführung des Euro ihre Politik mit anderen Metall Gewerkschaften in Europa verzahnen [...] Wenn aber von wissenschaftlichen Experten vorab empfohlen wird, keine 136

Wenngesamtmetall aber in die Situation kommt, sich das Pilotgebiet aussuchen zu können, wird die regionale Austragung in letzter Konsequenz hinfällig, denn sie zieht ihre Stärke genau daraus, dass die Arbeitgeber das nicht können. Vor einer finalen Runde muss eine Rückkopplung erfolgen und eine Prüfung der Situation auch bei überraschenden Wendungen ermöglicht werden. Noch wichtiger ist aber: In der vorbereitenden Diskussion muss rechtzeitig eine gleiche strategische Beurteilung der Lage erarbeitet werden (Karch 2000).

Hence, it is true to say that some German trade union leaders did not really take the Doorn/EMF guidelines too literally (Putzhammer 1999: 268). The following interview statement of the DGB president, Dieter Schulte, also further confirms this observation:


In contrast, the Euro-Keynesian and the left wing of the German union movement explicitly referred to the Doorn/EMF European collective bargaining guidelines, when they criticised the moderate collective bargaining outcome of the 2000/2001 negotiations.137 Accordingly, almost all German company-level works councillors interviewed for this study were aware of the European guidelines and the failure to abide by them. Nevertheless, they also argued that

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137 See Bispinck and Schulten (2002) and the corresponding news coverage in the grassroots activist trade union website www.labournet.de and the left-leaning trade union monthlies Express and Sozialismus.
the guidelines would not influence the negotiations, as the adoption of mere declarations would not impress the employers.\footnote{See, for instance, the following comment by Wolfgang Alles, a works councillor of the local Alstom Power plant in Mannheim: “Da gibt es doch einige länderübergreifende Projekte ich glaube mit den belgischen und niederländischen Metallgewerkschaften gegen Lohndumping. Darin wurde festgelegt dass man die Preisplus Produktivitätssteigerung als Grundlage für Tariferhöhungen nimmt. Doch witzigerweise ist die IG Metall selber in der letzten Tarifrunde davon abgekommen, weil sie sich der Logik dieses sogenannten Bündnisses für Arbeit unterworfen hat. [Im Prinzip könnte man sich ja dann in der Tarifrunde auf diese Vereinbarung berufen? R.E.] Ja, aber das tut dann etwa so weh, wie wenn Du dem Ochsen auf Horn tätschelst. [sarkastisches Lachen]“ (Alles 2000, interview).}

Among the European trade unions, above all the Belgian trade unions, criticized the German trade unions for their moderate 2000/2001 collective bargaining results, which fell short of the Doorn/EMF guidelines (Confédération des Syndicats Chrétiens CSC 2000). In turn, at the annual meeting of the Doorn group in September 2000 in Luxemburg, Heribert Karch, the head of collective bargaining department of the German IG Metall, self-critically acknowledged that the IG Metall’s biannual 2000/2001 bargaining result fell short of the agreed benchmark.

The EMF, however, did not publicly criticise the IG Metall for its meagre bargaining result. In contrast, the EMF deputy general secretary in charge of collective bargaining coordination, Bart Samyn, thanked IG Metall for its financial and personal support, without which the whole “Eucob@” EMF guideline monitoring project would have ended in spring 2000 (Samyn 2001). Moreover, nobody in the EMF seemed to be aware of the fact that IG Metall did not forward the actual \textit{annually adjusted} wage increase data to the EMF, but apparently only transmitted unprocessed wage increase data for its 21-month-long “biannual” agreement. As a result, both the \textit{Eucob@REPORT 2000/2001} and the \textit{Report on the European Coordination Rule} for the 4\textsuperscript{th} EMF collective bargaining conference in Oslo convey distorted results, i.e. a 3.0 per cent (2000) and 2.5 per cent (2001) wage increase. But according to the \textit{WSI Collective Agreement Archive} the wage increases in the German metal industry were, if calculated on an annual basis, only 2.5 per cent in 2000 and 1.7 per cent in 2001 (Schulten 2000a). Hence, the EMF was not telling the entire truth when it asserted that the German increases came “very close” to its guideline (EMF 2001a: 31f; EMF 2001b). Thus, for
instance, the Italian FIOM CGIL Eucob@correspondent was not aware that the German 2000/2001 bargaining round fell short of the EMF guideline (Mecozzi 2001, interview).

In conclusion, the 2000/2001 the German bargaining round suggests that the German unions followed a competition state strategy in line with the requirements of the *Alliance for Jobs, Training and Competitiveness*, even though the unions did not abandon their Euro-Keynesian hopes and were aware of the limits of this strategy.\(^{139}\) Likewise, they refuted Streeck’s thesis that European trade union cooperation must fail. Nevertheless, Dieter Schulte’s statement effectively excludes any romantic vision of transnational trade union solidarity, as conflicts between different locations will always exist (Schulte 2000, interview).\(^{140}\)

However, the more the German unions were disappointed by the lack of the expected political compensations for their moderate 2000/2001 wage bargaining round, the more they reasserted their European collective bargaining commitments (Bispinck and Schulten 2002). This attitude also influenced the 2002/2003 bargaining round, where the IG Metall was again able to obtain increases, which are expected to correspond to the European wage coordination guidelines. After ten days of strike action, the social partner of the German metal industry signed new agreements in May 2002, which provide for pay increases of 4 per cent in 2002 and 3.1 per cent in 2003 (Schulten 2002b).

The 2002/2003 bargaining round not only showed that IG Metall is again seeking results which correspond to the increases in productivity and inflation. IG Metall also invited more

\(^{139}\) See the answer of the DGB vice-president Ursula Engelen-Kefer to Wolfgang Streeck: “Eine Politik der Arbeitskostensenkung in einer großen international verfochtenen Volkswirtschaft hat recht enge Grenzen. [...] Es ist wie im Fußballstadium: Wenn sich einer auf die Zehenspitzen stellt, sieht er besser. Wenn die Übrigen seinem Beispiel folgen, sehen alle gleich gut oder schlecht. Nur dass sie auf Dauer Zehenkrämpfe kriegen. Ein Rätsel bleibt, wie man durch eine Politik der Arbeitskostensenkung als Gewerkschaft Mitglieder halten oder Mitglieder gewinnen soll” (Engelen-Kefer 1999).

\(^{140}\) „Diese Interessenkollision wird es immer geben, ob Europa in Zukunft ein gemeinsamer Bundesstaat wird oder nicht. Sie wird nicht mehr so wie heute, zum Beispiel zwischen Sachsen-Anhalt und Niedersachsen stattfinden, sondern zwischen der Region Deutschland und Frankreich. Dies wird die europäische Zusammenarbeit innerhalb der Gewerkschaftsbewegung nicht unbedingt vereinfachen. Allerdings wird die Europäisierung der Wirtschaft die Notwendigkeit gemeinsamer Ziele und Aktionen der europäischen Gewerkschaften verstärkt sichtbar machen, wenn Sozialdumping verhindert werden soll“ (Schulte 2000, interview).
than 20 leaders of other EMF metalworkers’ unions to Frankfurt. This represented a unique event, as foreign trade union leaders had never before been directly involved in a domestic IG Metall strike. However, due to the economic weight of the German economy and the explicit warnings of the European Central Bank, IG Metall recognised that it must further “Europeanise” the German bargaining round (Schroeder and Weinert 2003; Schulten 2002b). The EMF delegates adopted a joint “Frankfurt declaration”, which not only reasserted its bargaining coordination rule, as a “political tool for fighting against wage dumping in Europe”, but also released the following three messages to the ECB, employers and unions:

1. “IG Metall will do everything in its power to continue the course of non-inflationary wage policy. This policy will promote growth and employment only if the results of collective bargaining are at least commensurate with the increases in productivity and inflation.

2. The European metalworking unions underscored their solidarity with the strike in the German metalworking industry and rejected any efforts to relocate production and use strike-breakers.

3. The strike in the German metalworking industry is the ‘starting gun’ for EMF to intensify its coordination work. The European metalworking trade unions will be cooperating closely in the future whenever there are cross-border conflicts, by setting up their own coordination group for this purpose” (IG Metall and EMF 2002).

Nevertheless, the IG Metall officials concerned acknowledge that these attempts do not signal the birth of a European wage bargaining coordination “institution”, although they do confirm that the German unions increasingly feel a “moral obligation” to explain their wage policies to the other European actors (Schroeder and Weinert 2003).

141 “For next year, projections for price developments depend largely on the assumption of continued wage moderation. The outcome of the ongoing wage negotiations in some regions of the euro area could become a matter of concern. Excessive wage increases could create additional cost pressure with potential consequences not only for prices but also – to an even greater extent – for employment creation and real GDP growth” (Duisenberg and Noyer 2002).
3. The French development

Figure 12: ETUC guideline, inflation and negotiated evolution in France

Source: ETUC (2002)

Figure 12 demonstrates that the average French wage development was totally in line with the bargaining guidelines of the ETUC, the EMF and the Doorn group. This result is surprising; considering the marginal role of French unions in the wage setting process and given their lack of enthusiasm to subscribe to these guidelines (Dufour and Hege 1999). Nevertheless, this development did not happen accidentally. It was a result of a political choice by the French collective bargaining “pattern setter”, which is the government. In fact, the French compliance with the ETUC guideline reflects the introduction of the 35-hour working week by the two laws of 1998 and 2000 that are named after the labour minister, Martine Aubry. The working time reduction created about 350,000 additional jobs, which correspondingly reduced the average productivity per worker. As a result, the share of wages as a proportion of GDP remained stable. However, it remains to be seen whether this development has been influenced by the European collective bargaining coordination guidelines.

The French unions had been associated at an early stage to both the Doorn initiative and the EMF discussions on wage coordination. However, they remained at the margin of these two processes. This situation changed only after French Euro-Keynesian economists and the French government developed an interest in the matter.

Especially, the Belgian Christian union confederation (ACV/CSC) tried to involve the French unions into the “Doorn process” (Confédération des Syndicats Chrétiens 2000). However, this proved to be very difficult, since its privileged French partner union, the CFDT, did not
manifest any interest in EU wage bargaining coordination. Likewise, also the trade-union related Institut de Recherches Economiques et Sociales was at first not very sympathetic to the Doorn and EMF bargaining coordination approaches: “It is quite possible that the IG Metall (or its European experts) have missed the point in trying to organise a Euro zone along the lines of their own national model with its particular modes of hierarchisation, arbitrations, articulation of objectives and interventions of the different participants” (Hege 1999). This scepticism did not reflect Gallic chauvinism, but utterly different wage setting structures (Trogrlic 2001, interview; Martì 2000; interview; Fleury 1999 interview).

The German unions did not want to involve the post-communist CGT union confederation in the process prior to its eventual affiliation to the ETUC in March 1999. Conversely, the DGB also considered that the French unions were not representative enough without the CGT. In consequence, the German and Benelux unions eventually set up the Doorn group without any direct French involvement. The German and Benelux unions did not perceive this as a major setback. In fact, the involvement of the French unions, which do not coordinate their own collective bargaining activities, would have made the adoption of the Doorn guideline very difficult.

The French bargaining system is characterised by the pattern-setting role of the state and decentralised bargaining at the shop-floor level. Nevertheless, the French sectoral bargaining structures have never been dismantled, in contrast to the British case (Jobert 2000). Likewise, some observers argued that multi-employer bargaining would be the prevalent type of collective bargaining in France (Traxler and Mermet 2003: table 1). But this categorisation is problematic, given that the minimum wages stated in the sectoral collective bargaining agreements are often of no practical use. For instance, on 31 December 1999, in the French metal sector 49 out of the 56 regional collective agreements contained wages below the level of the statutory minimum wage (Ministère des affaires sociales 2003b: 122).

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142 Incidentally, the IRES researcher, Adelheid Hege, is German herself and the CFDT recurrently considered German unionism as the model, as shown for instance by the following note about the 1995 CFDT congress: “La CFDT reste résolument européenne et le ‘syndicalisme efficace à l’allemande’ apparaît comme une référence pour beaucoup de militants” (Liaisons sociales 1995).

143 However, the French unions were indirectly associated to the Doorn process by means of a (French) observer, which represented the ETUC within the Doorn group.
Nevertheless, the double structure of a national minimal wage-setting by the state and local wage bargaining at the company-level seems to be appropriate for many French unionists. Even the CGT, which issued central collective bargaining claims in the past, abandoned this policy during the last decade. Incidentally, the CGT general secretary, Bernard Thibault, could not indicate a wage rise target in a television debate on the 2000/2001 bargaining round. Instead, he argued, pay rises will be determined by the “the action of the workers in the individual enterprises.”\textsuperscript{144} Also the Alstom CGT and EWC delegate, Francine Blanche (2001, interview), argued that wage bargaining should reflect the actual “rapport de force” in each company establishment. According to these CGT officials, the most combative workers should also been rewarded with the greatest pay rises. Hence, shop-floor activists rather than central union officials should define bargaining policy. It follows that the French trade unions supported the decentralisation of collective bargaining, in contrast to the unions in most other countries.

This decentralisation trend reflects, first, the weak capacity of the French unions to win major improvements through sectoral agreements. In the 1970s, the ineffectiveness of sectoral bargaining frustrated many unionists, especially in large concerns that were comparably well unionised, such as PSA-Peugeot, Renault or Alstom.\textsuperscript{145} Consequently, in 1982, most unions welcomed the “loi Auroux” labour law reform of the first socialist/communist government of François Mitterrand, which introduced mandatory annual negotiations on pay, working time and work organisation also at the local company-level. Moreover, the increase in decentralised bargaining also reflects an ideological transformation of the French union movement, matching the decline of communism and the corresponding notion of the “united working class”. The CGT official in charge of “actions revendicatives”, explicitly linked the abandonment of the CGT’s central bargaining guidelines with its dissociation process from the French Communist Party (Metz 2000, interview).\textsuperscript{146} The end of the CGT’s communist

\textsuperscript{144} In contrast, the secretary of the French employers association MEDEF, Kessler, had surprisingly no problem in predicting an average pay increase of 5 per cent (France 2. Mots croisés. 30. Octobre 2000).

\textsuperscript{145} While the union density in French metal manufacturing is already very low, i.e. 5 per cent (Dufour and Hege 1999), the union membership is concentrated in one per cent of companies that employ over 500 employees, which account for 31 per cent of the sectors’ workforce (Usher 2001).

\textsuperscript{146} The PCF determined the CGT’s collective bargaining priorities in the past (Groux and Mouriaux 1992; Mouriaux 1982). Nevertheless, it is no longer accurate for the CGT as a “communist” trade union. After the fall of the Berlin Wall the CGT left the “communist” World Federation of Trade Unions and cut its ties with
orientation caused a revitalization of its original syndicalist roots, rather than a rise of, equally centralised, neo-Keynesian and neo-corporatist policy orientations. Finally, the predominance of company level bargaining also reflects the professional background of the French union officials. Most French union leaders emerged out of France’s largest enterprises, such as, for instance, the SNCF in the case of the actual CGT leader, Bernard Thibault (Wartek 2001, interview). In turn, the lack of union presence in most French small and medium sized companies also explains why the unions rely so much on the state, as indicated by the unions’ claims in favour of activist state policies, for instance, regarding the 35-hour working week laws or the SMIC.\footnote{147}

Against the background of this specific French collective bargaining, it is not very surprising that the European bargaining coordination approaches of the EMF and the Doorn group did not raise wide interest among French unionists (Dufour and Hege 1999). Furthermore, the CFDT did not perceive the EMU as a threat, in contrast to the Doorn unions (Trogrlic 1999). As the introduction of the Euro did not represent a problem, the CFDT also had no reason to seek corresponding solutions. It follows that the lacking Euro-critical thinking of the CFDT also explains its lacking involvement into the European bargaining coordination

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\footnote{147} Certainly, French unions frequently signed also central agreements with the employer organisation MEDEF. However, these negotiations do not represent collective bargaining in the classical sense, but resemble much more the “negotiated legislation” procedure of European social dialogue. For instance, in June 2000 the CFDT, the CFTC and MEDEF signed an agreement concerning the unemployment scheme UNEDIC. Although these agreements become legally binding only after its formal ratification by the government, they restrict activist legislation in the fields of labour and social law. This explains why the MEDEF strongly favours this type of “social dialogue” agreement.

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Nevertheless, it would be wrong to argue that the “Euro-idealistic” CFDT orientation only reflects ideological choices (Gobin 1997). As the French interest rates were constantly held above those of Germany, to offset the exchange risk of holding a hypothetical weaker currency, the introduction of the Euro did, at least initially, diminish the macro-economic competitive pressures on French industrial relation system (Usher 2001). However, the negative French perception of the European wage coordination approaches weakened over time, which reflects the growing micro-economic competitive pressures due to transnational company restructurings and mergers. In fact, for instance, the general secretary of the CFDT metalworker branch supported the EMF collective bargain coordination approach already in 1999, not as an answer to the macro-economic pressures that the Doorn unions associated with the Euro, but as a tool against the relocation of businesses to low wage countries:

"Nous sommes favorables à ce que la Fédération européenne de la métallurgie (FEM), à laquelle nous sommes affiliés, joue un rôle accru. En ce sens, nous apprécions qu’elle ait adopté récemment une charte sur le temps de travail. Et qu’elle ait arrêté le principe d’une coordination européenne des négociations salariales nationales. Encore fait-il que notre interlocuteur patronal européen du WEM accepte de se doter de véritables prérogatives sociales, ce qui est encore loin d’être le cas. Quant à nous, notre objective est t’obtenir des garantis qui couvraient l’ensemble des métallurgistes européens. Ce qui éviterait, par exemple, qu’une entreprise implantée en France transfère ses activités vers un autre pays de la zone euro (tel quel le Portugal) où le coût de travail est beaucoup moins élevé” (Bonnand 1999).

148 Nevertheless, the CFDT since 1984 sees itself as an “opérateur d’européanisation” of the French society (Pernot 2001; 575). Likewise, it traditionally retained much better bilateral relations to the German and Benelux unions, than the two other major union confederations, CGT and FO.
The introduction of the 35-hour working week in France was the key commitment in Lionel Jospin’s electoral manifesto of 1997 (Jospin 1997). Accordingly, the reduction of the working time was foremost represented as a domestic policy objective. The French discussion was not related to particular European aspects, although the preceding successful implementation of the 35-hour working week in German manufacturing evidently favoured the implementation of Jospin’s promise. Nonetheless, the French government was also concerned about the implications of the working time reduction for France’s international competitiveness. Therefore, it tried to motivate the Italian centre-left government to introduce simultaneously the 35-hour working week (Usher 2001). This transalpine coordination attempt failed, but the French government nevertheless went ahead. This suggests that the French government was confident that the introduction of the 35-hour working week would not be undercut by a “competitive” collective bargaining policy of its neighbours and major trading partners. Correspondingly, the French government and parliament observed the rise of a coordinated collective bargaining approach of the Benelux and German unions with much sympathy (Ministère de l'emploi et de solidarité 1999; Assemblée nationale 2000: 56).

The French Commissariat général du Plan and the French labour ministry commissioned several studies on the prospects of a European coordination of collective bargaining (Maurice 1999; Ministère des affaires sociales 2001; Ministère des affaires sociales 2003a). The labour ministry organised, in cooperation with its German counterpart, a Franco-German meeting on the European coordination of collective bargaining in Lyon, where union officials from both countries and invited experts could explain their views. This exchange counteracted the French fears that the “Doorn” process would lead to a fragmentation of the European social model mirroring the different industrial relation systems (cf. Freyssinet 1999). After the

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149 Incidentally, the coordinated opposition of both the French MEDEF and the Italian Confindustria employers’ organisations had counterbalanced this transalpine coordination attempt of the French government. Both claimed that working time policy belonged to the autonomous bargaining realm of social partners and not to the state. Eventually, this argument has also been accepted by the Italian unions and the Italian government, but not the French (Ravaïoli and Agostinelli 1998). In turn, the MEDEF argued that the 35-hour working week would “soumettre les seules entreprises français en Europe à une contrainte générale et autoritaire incompatible avec la bonne marche et le développement des entreprises dans la compétition européenne” (Seillière 1999).

150 Notably, from the French IRES, but also from the Brussels-based Observatoire social européen, which has been at the origin of the Doorn process (see above)
French parliament recognised the necessity of a European coordination of wage bargaining, also the French unions perceived the Doorn approach ever more positively (Batout 2000, interview). Accordingly, the French union confederations supported in December 2000 the adoption of the ETUC European bargaining coordination guideline.

However, the leading CFDT official, Jean-François Trogrlic, also stated that the ETUC guidelines of December 2000 will not have a serious impact in France for a simple reason: “apart from the ten CFDT officials concerned with EU-issues, nobody knows about their existence” (Trogrlic 2001, interview). The non-communication of the ETUC guideline to the union’s rank-and-file shows that CFDT leadership was not very interested in the guideline either, despite the decision of the CFDT congress in Lillie in 1998, which stated that all future ETUC resolutions would automatically become binding “textes de références” for the CFDT (CFDT 1998). In contrast, the CFDT unionist and the ETUC deputy general secretary, Jean Lapeyre, gave one of the most forceful statements in favour of the ETUC guideline on the

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152 Cf. also the following articles, which had been published by the CFTC, FO, CFDT and CGT magazines, receptively (Ardondel 1999; Force Ouvrière 2000; Thiéry and Bass 2001; Juquel and Metz 2001).
occasion of the “Euro and collective bargaining conference” organised by the Belgian EU presidency in July 2001 (participative observation by the author). In 2003, the CFDT even selected an explicit supporter of the ETUC collective bargaining guideline, Emmanuel Mermet, to become its secrétaire confédéral chargé de l’économie.

The changing attitude of the French unions also mirrored general political developments, since the Euro-Keynesian advisors of the Jospin government played an important role in spreading the European bargaining coordination ideas in France (Maurice 2001). Moreover, the ongoing restructuring process within the largest French companies, which frequently led to a divisional fragmentation and transnationalisation of the companies, made it increasingly difficult for the unions to obtain meaningful results in company-level bargaining. As a result, the CGT started to review its company-level oriented bargaining strategy, especially after it had to acknowledged that the ETUC (inflation and productivity) guidelines were difficult to enforce even through industrial action:

"La question de la prise en compte d’une telle formule, à l’échelle de toute l’Europe, est posée. Certes, il y a des problèmes, liés notamment à la diversité des systèmes de négociation, à la pluralité des syndicats, au choix des indicateurs pour mesurer l’inflation et le taux de productivité. Mais cette formule permet de prendre en compte les situations propres de chaque pays, tout en fixant un plancher qui peut déboucher sur les revendications adaptées. Elle permet ainsi de limiter la mise en concurrence de salaires sur le territoire européen. Pour la France, cela signifierait au moins d’augmentations annuelles de 4 % salaire. Les résultats sont bien inférieurs actuellement, même si face aux luttes qui se développent, certaines directions d’entreprise commencent à lâcher du lest (Renault: 2,5 % en 2001, Axa: 3,6 %; Casino: 3%)" (Juquel and Metz 2001).

Despite this learning process among the French unions, it is not very likely that they will become wage pattern setters in the near future. As a result, the French wage development will continue to depend on the pattern setting policies of the French government (Barrat, Yakubovich, and Maurice 2002). Nevertheless, the French unions might also respond to the European guidelines by better coordinating their own domestic wage bargaining policy.

It is interesting to observe how serious the Jospin government and its think tanks, such as the Commissariat du Plan and the Conseil d’Analyse Economique, followed the development of the Doorn wage bargaining coordination attempts. It even seems that its experts had, at times,
even higher expectations of the Europeanisation of wage bargaining than the unions.\textsuperscript{153} This as well as the explicit Euro-Keynesian policy orientation of the Jospin government suggests that the French compliance in the years 2000 and 2001 was more than a pure coincidence. However, the electoral victory of the centre-right parties in the French legislative elections in 2002 again altered the political situation. As a result, the new government distanced itself from the Euro-Keynesian thinking of the Jospin government. This suggests that the French state, i.e. the collective bargaining “pattern setter”, will not abide by the ETUC collective bargaining guidelines in the future. Conversely, it is, nevertheless, likely that the real French wages development will follow the ETUC guidelines, at least, in the near future. Many companies concluded wage freeze or moderation agreements with the local unions to compensate the introduction of the 35-hour working week. However, most of these agreements came to an end in 2003, which might lead to a new boost in wage increases.

\textsuperscript{153} In September 2001, the German Chancellery and Jacques Delors’ \textit{Groupement d’Analyse et de Recherche “Notre Europe”} organised a Franco-German seminar about the prospects of a new European social contract, which brought many leading employer and union representatives, academics as well as politicians together. At this occasion, the director of the “Notre Europe” think tank, Jean Nestor, suggested that the unions should go beyond their existing Doorn and ETUC bargaining coordination attempts. He urged the unions to envisage \textit{joint collective actions} in order to create the spaces for genuine European negotiations. “A Mme Engelen-Kefer et à Trogric qui ont décrit, dit-il, l’espace européen comme celui du \textit{bench-marking} où l’on se contente d'échanger les bonnes pratiques, Jean Nestor demande si on peut en rester là où s’il ne faut pas aller plus loin vers des espaces communs de négociation, en vue de prises de position et d’action communes” (Notre Europe and Bundeskanzleramt 2001).
4. The Italian development

Figure 13: ETUC guideline, inflation and negotiated evolution in Italy

While the Italian nominal wages rose since 2001 in line with the ETUC guideline, the negotiated wage increases remained below the guideline’s inflation plus productivity target and even below the inflation rate (cf. figure 13). The substantial gap between the negotiated and the effective wage increases mirrors the new wage bargaining structure that has been introduced by the 1993 social pact. Its wage policy chapter introduced a two-tiered collective bargaining framework, which linked wage increases in national collective bargaining agreements to the projected inflation target, while compensation for productivity increase and profit sharing became an exclusive issue for voluntary company-level bargaining.

Although some observers incorrectly argued that the inflation target of the 1993 social pact would set an insuperable ceiling for national collective bargaining,\(^{154}\) almost all recent national collective bargaining agreements failed to provide improvements that went beyond the compensation of the projected inflation rate (Megale, D’Aloia, and Birindelli 2003). This also applies in the pattern-setting metal industry, where CGIL supported in 2003 a separate bargaining platform, drawn up by its affiliated Italian Federation of Metalworkers (Federazione impiegati operai metallurgici, FIOM), which went slightly beyond the wage moderation policy guidelines of the Italian social pact of 1993. The FIOM even went on strike to get improvements of the national agreement beyond the inflation rate, however without

\(^{154}\) In fact, the 1993 social pact permits material improvements of national collective bargaining agreements beyond the inflation target, for instance, in relation to the reduction of working time.
success. Eventually, the smaller catholic FIM-CISL and the moderate UILM-UIL unions signed a separate national collective bargaining agreement, which only contained wages increases at the level of the inflation rate.

This reflects not only the less ambitious policies of the two smaller unions, but also their dedication to decentralised collective bargaining. While the CGIL is still influenced by its historical Marxist legacy of the “united working class” and favours therefore all-encompassing national agreements, the two smaller unions are much more influenced by the Anglo-Saxon tradition of business unionism and favour therefore company-level agreements. Given the huge regional productivity differentials that characterise the Italian businesses, company-level bargaining might even generate better bargaining results, at least, in Northern Italy where unemployment is very low, trade union membership greater and productivity very high. In contrast, south Italian workers did not benefit from the decentralisation of collective bargaining at all, as there are hardly any company-level agreements in Southern Italy.

Since 2001, however, the average Italian wages have been developing in line with the ETUC guideline, due to individual and company-level wage rises. These local increases were not influenced by the macroeconomic guidelines of both the Italian social pacts and the European wage bargaining targets of the trade unions. In fact, local wage negotiations almost never take macroeconomic indicators in consideration. This applies also to the ETUC and EMF guidelines, because the Italian unions did not publicise them either. However, European comparisons started to influence the Italian wage settings in another way. After the introduction of the Euro, in some sectors the Italian employees started to compare their wages with the wages levels in other European countries. These claims had been pushed forward especially by the autonomous COBAS unions and the re-founded Italian communist party (PRC), which did not support the 1993 social pact. But in sectors were both the COBAS and the PRC exercise a considerable influence; the three established union confederations embraced this claim, too. In the public sector, for instance, in 2001 all education unions successfully fought for considerable wages increases that brought the Italian wages level up closer to the European average.

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155 In fact, the Italian trade union press dedicated only a few articles to these European developments. One must bear in mind that even the Italian trade union leaders seldom speak a foreign language, while, in turn, no European trade union federations and institutes publish in Italian.
Europa also played a crucial role in legitimating the income policy guidelines of the 1993 social pact (Ferrera and Gualmini 1999). Its reference to the EMU was a useful tool to justify, seemingly necessary but unpopular, national wage policy changes (Dyson and Featherstone 1996). In turn, also the reluctance of many Italian unions as regards the EMF and the Doorn bargaining coordination guidelines reveals the crucial impact of national dynamics behind the outspoken Euro-federalist discourse of the Italian unions (Hege 1999).

In view of the introduction of the Euro, all three Italian metalworkers’ unions suggested a campaign for a genuine EU-framework agreement for the whole metal sector. In so doing, they went far beyond the EMF-coordination approach of national collective bargaining. Nevertheless, the proposition of the Italian unions did not become an EMF policy. Most European trade union officials could not understand why the Italians preferred a “Euro-federalist” solution and not the EMF benchmarking approach, which would respect national diversity provided that the total value of an agreement was in line with the guideline. However, a close reading of the historical and political background of the Italian approach reveals that its content is much less “Euro-federalist” than one might think.

Similar to the European guideline idea, also the Italian “Euro-federalist” approach has been formulated by union experts, such as Aris Accornero (1998). It was this renowned Italian industrial relation expert who proposed in June 1998 a gradual development of European framework agreements as a response to the creation of the Euro. However, unlike the Doorn unions, Accornero saw the creation of the Euro as beneficial not as a threat. In contrast, he analysed it as an epochal change that would lead to a European political union, similar to the transformation process of the German custom union to the German Reich in the 19th century.

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156 Cf. also the similar argument of Roberto Mania and Gaetano Sateriale: “Il consenso sociale che permette all’Italia di raggiungere gli obiettivi fissati a Maastricht per l’adozione della moneta unica passa attraverso Cgil, Cisl e Uil che fanno dell’Europa l’occasione e il motore della propria autoriforma culturale. Il cui approdo è – anche – la politica dei redditi per la via della concertazione” (Mania and Sateriale 2002: 7f).

157 Participative observation at the international conference on the “Europeanisation of collective bargaining”, which has been organised by all three Italian trade union confederations, CGIL, CISL and UIL, on 30 September - 2 October 1999 in Foligno (Italy).

158 Likewise, the Italian candidate for the position of the general secretary at the 1999 congress of the EMF, a FIM-CISL official that has been supported by all Italian unions, also lost the elections against the IG Metall candidate and former EMF deputy general secretary, Reinhard Kuhlmann.
Accornero’s EU collective bargaining approach was also inspired by historical comparisons, as he projected the historical development of national bargaining in Italy to European level. Accornero advised the unions to seek an Europeanisation of collective bargaining following the step-by-step pattern that led in Italy to the making of the national collective bargaining agreements. The unions should, therefore, seek, first, European framework agreements that basically restate the norms and provisions that basically already exist in most national agreements.

“Un passo verso contratti europei potrebbe essere quello di scorporare alcune materia già presenti un po’ in tutti contratti, portandole a livello europeo con maggiore organicità e solidarietà” (Accornero 1998).

Accornero’s vision of European framework agreements mirrors the logic of the European social dialogue agreements, which seek to establish at least some social rights at the EU-level. He proposes a trade-off between a small number of contractual norms in exchange for a greater geographical scope of them. But neither Accornero, nor the equivalent propositions of Italian union leaders (Cofferati 1999; Pezzotta 2001, interview) questioned the decentralization of distributive bargaining on profits and productivity set out by the 1993 social pact. The only alternative to company-level bargaining that has been widely discussed was territorial multi-employer bargaining at the regional or local industrial district level (Accornero 1998: Scaliola 2002, interview).

However, with the electoral victory of Silvio Berlusconi’s right-wing coalition in May 2001, the political context of the Italian industrial relations changed fundamentally. Both the Italian employer’s organisation Confindustria and the government lost their interest in neo-corporatist arrangements and started to implement labour law and welfare state “reforms” without the consent of organised labour. While the government and the employers continued to “consult” the unions, they lost much of their influence (Mania and Sateriale 2002). This led to a massive increase in industrial action, including several general strikes, but also to an increasing polarisation of the Italian trade unions, between the two smaller “moderate” trade union confederations, CISL and UIL, and the leading confederation, the left-wing CGIL. This increase in industrial and intra-trade union conflicts effectively put an end to the Italian social pacts of the 1990, despite the fact that all three trade union confederations would prefer the social pacts of the 1990s to the social conflicts experienced under the Berlusconi government.
The new political situation also led to a more critical appraisal of the social pacts in the union movement. For instance, the new leader of the CGIL, Guglielmo Epifani, admitted that they failed to secure an equal distribution of the productivity gains between capital and labour:

“Passati dieci anni, oggi possiamo dire come, sotto il profilo della politica dei redditi, le condizioni economiche generali e i contenuti di quell’accordo abbiano consentito la difesa del potere d’acquisto dei salari e delle retribuzione, ma non la loro crescita, visto che è accertato che i 4/5 della ricchezza prodotta in questi anni sono andati in direzione di profitti a tasse” (Epifani 2003).

Although he also stated that this shortcoming did not outweigh the strengths of the pacts, such as the introduction of the mandatory RSU shop steward committees in the Italian companies, Epifani’s statement nevertheless indicates a growing concern about the declining share for labour of the national wealth. It is therefore not surprising that the CGIL supported not only the demanding wage bargaining claims of its metal industry affiliate FIOM, but also showed more interest in the European bargaining coordination (Quaderni Rassegna Sindacale 2002). In June 2002 the FIOM-CGIL decided not to use anymore the target inflation rate as a point of reference in its bargaining policy. Giorgio Cremaschi, the national FIOM-CGIL official in charge of collective bargaining, justified this step not only with the end of social “concertation”,159 but linked it also to the “Frankfurt declaration” of the EMF:

“La Fiom ha deciso di non utilizzare più l’inflazione programmata come punto di riferimento per i rinnov contrattuali’ […] Oltre alle ragioni di affidabilità specifica del governo Berlusconi, c’è però anche l’impegno preso ‘il 10 maggio a Francoforte’ da parte di ‘tutti i sindacati metalmeccanici europei a superare la moderazione salariale’” (cit in. Il Manifesto 2002).

However, it remains to be seen whether this recent development is more than just accidental. The fact that the Italian government and the employers continuously try to isolate the CGIL and to engage in separate discussions with the two smaller unions, makes the task of a coordinated bargaining policy of all three Italian unions difficult, although CISL and UIL had also adopted the ETUC/EMF guidelines (Scaliola 2001, interview; Gabaglio 2000, interview).

159 In October 2001 the minister of welfare, Roberto Maroni, from the far-right Lega Nord party, published a white paper, which favoured the deregulation if not abolition of all national wage bargaining structures, and boldly declared that “la concertazione è superata” (cit in: Sivo 2001).
5. Conclusion

This section assessed the impact of the Doorn/EMF/ETUC guidelines at the national level. Have the guidelines prevented the downward competition in wages and working conditions? If one analyses the wage evolution in 2001 and 2002 the answer seems to be yes. In fact, in most EU states the wage increases matched the inflation plus productivity target set by the ETUC, the EMF and the Doorn group. This development has been celebrated by the ETUC as proof of the efficacy of its guideline (ETUC 2002a). But how do we know that it was organised labour’s guidelines that produced this outcome? In fact, the highly aggregated wage development data alone cannot answer this question. Therefore, this section also shed light on the specific developments in collective bargaining in the three most important Euro-zone countries, Germany, France and Italy. If the European guidelines have influenced national policies, one would expect that they played an important and visible role in the formulation and implementation of organised labour’s national bargaining policies.

Studying the national bargaining policies of organised labour proved to be a difficult task: the more one analyses the wage-bargaining policy of a national union, the more one realises that most unions do not have a single, consistent bargaining policy. These ambiguities not only reflect the different political and regional interests that exist within national unions, but also the organisational division of tasks within each single trade union organisation. On the one hand, the unions’ academic advisors often play a significant role in the detection of the available distributive margins and the determination of the union’s wage claims. On the other hand, the union’s officials carry out the wage negotiations in practice, without referring to any great extent to academic expertise. Moreover, these functional divisions often correspond to different political orientations, especially within the German unions. Whereas Euro-Keynesian thinking dominates the unions’ think tanks, the actual negotiators of the unions generally pursue a rather pragmatic approach.\textsuperscript{160} It is therefore not surprising that the review of the German, French and Italian wage bargaining policies also revealed rather ambiguous results concerning the impact of the European bargaining guidelines on the national wage bargaining policies.

\textsuperscript{160} This also explains the large difference between the demands of the IG Metall, which generally are rather high, and the actual results of bargaining in the German metal industry, which are frequently quite modest.
Almost all the wage-bargaining experts of the German, French and Italian unions eventually supported the ETUC bargaining targets. This suggests that one can indeed observe the creation of a “European conceptual framework” for wage bargaining coordination (Traxler and Mermet 2003). Incidentally, the ETUC targets even urged the French CGT experts to question the CGT's bargaining policy (Juquel and Metz 2001). On the other hand, however, the German 2000/2001 wage bargaining round and the 2001 and 2003 Italian bargaining agreements for the metal industry clearly demonstrate the limits of the European guidelines. In fact, in all these cases, the unions signed agreements that were at odds with the ETUC and EMF guidelines. This suggests that it would be mistaken to overrate the practical impact of the European guidelines. But it would be equally wrong simply to dismiss the EMF and Doorn coordination attempts, as suggested by Bob Hancké and David Soskice (2003).

Hancké and Soskice (2003) argued that both the EMF and the Doorn coordination “attempts failed for the same reason: the most important proponents of coordination to prevent wage competition were the German unions, since it was difficult for Germany to retaliate against small countries which sought to undercut German unit-labour-cost developments. Unions in the other member states, however, wanted to retain their freedom because they wanted to be able to undercut German costs” (ibid. 153). However, the comparison between the wage development the ETUC target shows that they are wrong: table 6 showed that in 2000 and 2001 the German unions were undercutting the Dutch and Belgian wage developments, and not vice versa, as claimed by Hancké and Soskice. This observation has also confirmed by the preceding qualitative analysis of the impact of the organised labour’s European wage bargaining guidelines in Germany, France and Italy.

The review of the wage policies in Germany, France and Italy also demonstrated that the awareness of the European guidelines in national debates is not only dependent on the unions. In fact, it seems that the impact of the guidelines reflects the general political support for Euro-Keynesian policies. Therefore it is hardly a coincidence that the German compliance with the European wage targets corresponds to the rise and fall of Oskar Lafontaine. In France, the political interest in the guidelines was even instrumental in overcoming the initial reluctance of the French trade unions in relation to them. In turn, the prevalence of the Italian 1993 social pact and the lack of Euro-Keynesian thinking in Italian (centre-left) politics also explain why the interest in the European guidelines remained rather limited in Italy.
In conclusion, the review of the recent German, French and Italian wage developments revealed both the potential force and the limitations of the Doorn/EMF/ETUC guidelines. On the one hand, the experts of different national trade unions managed to agree, for the first time ever, on a joint European benchmark to assess their bargaining policies. On the other hand, it has been revealed that the impact of these benchmarks remained limited, since the support for European wage bargaining targets did not always produce corresponding results. In contrast, it seems that the unions regularly fell back into “competition bargaining” patterns, if they were confronted with strong pressures from both their government and employers’ organisations. This does not mean that the vision of a coordinated European wage bargaining policy is inevitably useless. However, it emphasises that this policy needs to reach a wider community than just the “European experts” of the different national unions.
C. Bargaining coordination, Euro-technocracy and Euro-democratisation

This chapter has demonstrated that both the democratic and the technocratic re-nationalisation strategy have become increasingly difficult to pursue, despite the absence of genuine European wage-bargaining coordination institutions. European wage-bargaining coordination is a voluntary enterprise, which is depending on the goodwill of the national unions involved. The European trade union federations, such as the ETUC and the EMF, do not have the legal or the political power to enforce the compliance of their affiliates with their guidelines. In contrast, a national affiliate that opts out of the joint coordination approach might even increase its competitive advantages compared to the other affiliates. However, it would be wrong to discard the European coordination approaches as an altruistic enterprise, which is only supported by naive moral claims of union internationalism and European solidarity. In contrast, the unions seem to be increasingly aware of the concrete “costs of non-cooperation” that result from a competitive race between different national bargaining systems (Maurice 2001). As the individual “collective action dilemma” has not precluded the rise of (local) unions (Crouch 1982), it is just as likely that the collective “collective action dilemma”, which characterises the Doorn, EMF and ETUC bargaining coordination approaches, can be overcome if national unions realise that they are mutually dependent on each other. But the chapter has also demonstrated the limits of the Doorn/EMF/ETUC guidelines. While the adoption of the European benchmarks is a sign of the emergence of a shared policy framework for collective bargaining in the European trade unions, it is equally true that joint objectives are not sufficient to generate a genuine Europeanisation of collective bargaining.

The preceding review of organised labour’s wage bargaining policies was not a goal in itself. The analysis of the tensions between national competition and European coordination in this policy area was made in order to assess the role of the unions in the EU-polity formation process. This points towards the concluding question: are the trade unions of the Doorn group, the EMF and the ETUC simply emulating the technocratic benchmarking patterns that shape “European governance”? If yes, does this explain why national unions have, at times, neglected the European wage-bargaining benchmarks?

If one looks at the “technical approach” (Traxler and Mermet 2003), which directs the European coordination policy for the wage bargaining of organised labour, then the answer to the first question is clearly yes. The design of the European wage coordination benchmarks
mirrors the convergence criteria idea that was so successful for the EU monetary integration. However, if one looks at the content of the European wage coordination benchmark, then one can observe a tension between the hegemonic neo-liberal assumptions that guide the technocratic macroeconomic policy-making of the European Central Bank and the Euro-Keynesian approach of organised labour. However, the technical approach of organised labour’s European bargaining coordination policy made it difficult to politicise this strategy, even if its Euro-Keynesian content was at odds with the neo-liberal approach that still dominates the economic European integration process (Schulten 2003).

As stated above, academics played a crucial role in organised labour’s European bargaining coordination policy. The Observatoire Social Européen,161 the Hans-Böckler-Foundation of the DGB and the European Trade Union Institute (ETUI) of the ETUC contributed much to the rise of the Doorn, EMF and ETUC approach. In 1994, Klaus Busch suggested Euro-Keynesian wage recommendations that link the national (sectoral) real wage to the productivity development (Busch 1994). Subsequently, Claus Noé, a German economist and secretary of state in Oskar Lafontaine’s finance ministry in 1998/1999, also argued that the labour market actors in the Euro-zone must abide by a macro-economic criterion of wage determination; because, with wages set either too high or too low, there would be a “chaos in Euroland” (Noé 1998). The Doorn, EMF and ETUC benchmarks match the proposals of Busch and Noé, which, by the way, have been commissioned by the Hans-Böckler-Foundation and the ETUI respectively. In addition, the guidelines also mirror the “European social snake” scheme that had been proposed in 1989 by leading Belgian social security experts. It aims to upgrade social provisions by stipulating objectives for the different member states lagging behind (Dispersyn, Van der Vorst et al. 1990).162 This technical approach proved to be attractive for the trade union experts, as the social snake idea shows that coordination is possible even though there are no harmonized European standards.

The ETUC chose its technical European bargaining benchmark not only because it was in need of a tool to monitor and coordinate collective bargaining at European levels. It also adopted the guideline to make a “responsible” contribution to the “macroeconomic dialogue”.

161 The OSE is a established EU-level social policy think tank, which was originally founded by the Belgian and the Italian Christian trade union confederations, CSC and CISL.

162 Cf. also Klaus Busch’s corridor model for the further development of EU social policy (Busch 1998).
which was established by the European Council meeting in June 1999 in Cologne. The macroeconomic dialogue is a confidence-building exercise, which involves the coordination of monetary and budgetary policy and wage developments. Participating in the technical and political groups of the dialogue are the Council, the Commission, the social partners and the ECB. The autonomy of the parties is fully respected and the discussions are confidential. The process is not binding; no formal conclusions are drawn and each party is responsible for reporting back to its own constituency. The ETUC saw the Cologne dialogue as a way of building a consensual European strategy, since the European trade union movement has helped to bring EMU about and has made an important contribution to a “positive policy mix” (Putzhammer 1999). After the first political level meeting of the macroeconomic dialogue, held in the second half of 1999, the ETUC reported that active discussions were taking place within the union movement on “framework formulas” for coordinated collective bargaining based on compensation for inflation plus productivity. However, the other participants of the macroeconomic dialogue, and especially the ECB, did not show any interest in coordinating their activities with the European unions (Schroeder and Weinert 2003).

To conclude, the European wage coordination guideline effectively emulated the technical approach, which is typical for European governance. This reflects the objective difficulties of formulating precise political objectives at the EU-level, due to the continuing national differences and practices. Thus the benchmarking approach seems sensible, as it combines the setting of EU-level targets with the “formal” recognition of national diversities. The European trade unions also choose the benchmarking approach, because it fits into the dominant language of the European institutions and, therefore, facilitates the communication between the European trade union experts and the European institutions.

The Doorn, EMF and ETUC guidelines could be effective without “being perfect in terms of coherence, coverage and inclusion” (Traxler and Mermet 2003: 245). However, as long as organised labour has not proven its capacity to have a EU-wide effect on other macroeconomic variables, such as price stability, it is not likely that the guidelines can effectively set consistent European wages patterns. Only if a critical mass of unions not only agree on common objectives, but also collectively campaign for their implementation, will the other wage policy actors, such as the European governments, employers’ organisations and the ECB, develop any interest in a European coordination of collective bargaining. Only in this case one can expect a successful European bargaining coordination policy, as politics
played a decisive role in national collective bargaining coordination, too. Hence, the development of a coordinated European bargaining policy will not be an inevitable outcome of Euro-Keynesian expertise, however rational it may be. An idea must become a material force to become influential. Likewise, mobilisation theory and social movement research suggests that political mobilisations are more successful, the clearer and the morally persuasive their objectives.\textsuperscript{163} From this perspective, it is not very surprising that so far the European benchmarks have not had a major impact on national bargaining, given that the unions’ grassroots have not been involved in the formulation and implementation of the European bargaining coordination policy.

However, there are no fundamental reasons why the European bargaining coordination policy should not become more inclusive in the future. In fact, the adoption of the “Frankfurt declaration” in 2002 suggests that the European metalworkers’ unions are increasingly aware that the unions should not only Europeanise their objectives, but also their actions. Likewise, the Verdi official, Werner Sauerborn, argued that the unions must go beyond the adoption of European bargaining guidelines and attempt transnational collective actions, as demonstrated in the maritime transport industry (Sauerborn 2001; Koch-Baumgarten 1999; Lille 2004).\textsuperscript{164} Finally, the European bargaining coordination attempts of organised labour could gain in authority, if the European union federations not only relied on the national union experts, but also informed and involved the European works councillors in their attempts of bargaining coordination. Although collective bargaining remains a sectoral-level issue in most EU countries, the EWCs could play an important role in spreading the European bargaining targets beyond the small circles of the national EU-experts. In fact, the EWC secretary of Pechiney wondered why the EMF does not simply produce a European EMF bulletin for all its EWC delegates (Fesser 2001, interview). In fact, this could represent a first step in the direction of a truly European trade union. This leads us to the second part of this thesis, which analyses the Europeanisation attempts of organised labour at the company level, examining two transnational company mergers.


\textsuperscript{164} Cf. the successful collective bargaining attempts of the International Transportworkers’ Federation (ITF) in the maritime sector. The ITF managed to impose a monthly salary of approximately 1,000 US$ for almost all seafarers of the world, due to the coordinated strength of local dockers’ unions in the US, Europe and Australia that frequently boycott the unloading of “flag of convenience” ships that failed to sign the corresponding ITF collective bargaining agreement (Lille 2004; Koch-Baumgarten 1999).
VIII. TRANSNATIONAL COMPANY MERGERS: THE TENSION BETWEEN “EURO-TECHNOCRACY” AND “EURO-DEMOCRATISATION”

Given the institutional framework of the EC competition policy, it is reasonable to suggest that organised labour has no role whatsoever in the regulation of cross-border mergers. Nevertheless, European workers’ representatives have recently increasingly been trying to influence the EC competition policy. Their activities, however, have differed considerably. While workers’ representatives tried to politicise the ABB-Alstom merger case, the workers’ representatives of Alcan, Pechiney and Algroup adopted a technocratic strategy that was compatible with the policy framework of the Directorate-General for Competition of the European Commission. The adoption of these conflicting strategies is surprising as it was the same German and French trade unions that played a decisive role in both merger cases. Moreover, the different union strategies did not result from different company policies. The same shareholder-value capitalist, Martin Ebner, controlled ABB and Algroup and Alstom and Pechiney also share a similar corporate background, as previously state-owned French ethnocentric multinationals.

The following chapters analyse the contradictory strategies of organised labour in the two parallel cases, in order to identify the mechanisms that explain these divergent strategies. First, however, it is necessary to describe the wider micro-economic and institutional context of the recent merger wave, which concerned a lot of European multinational companies:

How can we account for the dramatic increase in the number of company mergers and acquisitions in recent years? What implications does this wave of mergers have for corporate governance and industrial relations?

How does the European Commission regulate transnational company mergers? What is the role other actors in the framework of the EC competition policy? Does the technocratic configuration of the merger policy of the European Commission suggest that organised labour has no role at all in this policy field?
A. The (strong) European politics of merger control

1. Transnational mergers: implications for management and labour

Between 1990 and 1999 the number of company mergers and acquisitions worldwide increased from 9,000 to 25,000 (Möschel 2000: 1). This new merger wave was characterised by many cross-border mergers between large multinational companies, above all in Europe. In 1999 almost 50 per cent of the global cross-border merger and acquisition related sales and 70 per cent of purchases concerned European corporations, especially from Britain, France and Germany (Macaire et al. 2002).

Mergers and acquisitions usually reflect the following motivations of the involved managers: First and foremost mergers aim to increase the efficiency of a corporation, due to the economics of scale and the realisation of “synergy effects”. This frequently implies a reduction of the combined workforce. Secondly, companies may merge to secure their (contested) position in the market, as demonstrated for instance by the merger of the German heavy industry concerns Krupp and Thyssen. Thirdly, companies may also seek to acquire a dominant position on the market through a company merger.\textsuperscript{165} At last, the executives of multinational corporations have often also a personal interest in company mergers, since their personal income, prestige and power usually depends on the size of their corporation (Möschel 2000; Chaterlety 2002: 10).

The new merger wave has also been a product of some specific developments of the 1990s, such as the continuing geographic expansion of the capital and product markets, due to the globalisation of the economy, the European Single Market and the European Monetary Union. Furthermore, mergers were also facilitated by low interest rates, booming stock markets and the deregulation of the telecommunications, media, energy, air-traffic and finance sectors. Finally, the merger wave also reflects a change of the dominant management philosophy. Up to the 1980s many companies tried to the diversify their activities and, thus, also their risks, the dominant management philosophy in the late 1990s postulated a concentration on a company's core business, in order to become the "best in class" in the respective market.

\textsuperscript{165} This anti-competitive motive prompted the establishment of public merger control policies; first, in the USA and later, in the European Union (cf. below).
Consequently, the companies sold their secondary sectors and tried, in turn, to acquire strategic assets in order to increase the prospects of their core businesses (Möschel 2000).

Until recently, the corporate governance structures of multinationals frequently reproduced national, "ethnocentric" or "polycentric", structures, while almost no multinational company adopted genuine supranational "geocentric" structures (Perlmutter 1965). Correspondingly, the industrial relations within multinationals typically reflected either the system of the corporation’s country of origin or its host country (Ferner and Quintanilla 1998; Geary and Roche 2001). Therefore, many scholars described the whole concept of the "global" corporation as a myth (Ruigrok and Van Tulder 1995; Hirst and Thompson 1996). Accordingly, Streeck argued that European Works Councils would actually be extensions of the national industrial relation systems in which the company would have its headquarters (Streeck 1997).

However, the recent cross-border merger wave frequently questioned the corporate governance structures and their underlying distinctive national traditions (Albert 1991). An OECD (1997) survey emphasised that the Return on Equity of the 20 largest US, UK, German and French corporations between 1993 and 1995 was also very different from one country to the other, namely 18, 18.5, 9 and 10 per cent respectively. Given the increasingly global

Howard W. Perlmutter's seminal typology (1965) distinguishes three types of multinational companies, i.e. ethnocentric, polycentric and geocentric multinationals. While all subsidiaries of ethnocentric multinationals have to adapt the standards of the multinational’s country of origin, the subsidiaries of polycentric multinationals by and large keep the local modes of functioning. In turn, only geocentric multinationals are truly worldwide companies that operate based on universal standards. Likewise, the executives of ethnocentric multinationals usually come from its home country, while polycentric multinationals often employ local executives in its local subsidiaries. Only geocentric multinationals select their managers on a worldwide basis. More than thirty years after its formulation, Perlmutter’s typology is still useful (Edwards 2000). Nevertheless, in 1978 Heenan and Perlmutter adjusted it by introducing an additional type, the regiocentric multinational (Heenan and Perlmutter 1978). It shares the integrated and transnational mode of functioning of the geocentric multinational, but its scope of action is confined to world regions, such as Europe (Marginson 2000).

These differences mirror above all the variance between the so-called outsider and insider systems of corporate governance and financing (Marginson 2000; Whitley and Kristensen 1996). Whereas Anglo-Saxon corporations had to please the frenetic stock markets, the continental European corporations could rely on long-term bank loans from their banks, which were usually also guaranteeing a long-term oriented approach within the companies’ supervisory boards, in line with the insider or “Rhineland” type of capitalism.
Transnational mergers typically entail three consequences for labour (Edwards 1999): first, collective dismissals; secondly, a “divide and rule” policy of the central management in relation to the workers’ representatives from different countries and, finally, enduring divergences between different national management-labour relation systems. However, cross-border mergers can also add a new transnational dimension to the rather national capital-labour relations within former ethnocentric multinationals, as demonstrated by the Höchst/Rhône-Poulenc (Aventis) and the Daimler/Chrysler merger cases.

As long as, for instance, the pharmaceutical corporations were clearly associated with national business systems, the transnational cooperation between different unions was very difficult. Every national union tried to enhance the competitive position of its own multinationals, the so-called “national champions”, which very much hindered transnational union cooperation.\(^{169}\) Since Aventis decided to establish its headquarters in Strasbourg outside the reach of the German co-determination laws, the German mining, chemical and energy workers' union (IG BCE) and the French chemical and energy workers' federation of the

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\(^{168}\) The proposed new directive does not foresee new information or consultation rights for employees. It would however specifically refer to the existing directives in this area, namely the EWC, the “collective redundancies” and the new EC directive “on informing and consulting employees” (EC 2002/14).

\(^{169}\) Given the small number of companies in this sector, the "collusion" between national champions and national unions was much stronger in the pharmaceutical and chemical industry, than in the more fragmented metal industry. Yet, it is not surprising that the chemical workers' unions set up their European Mine, Chemical and Energy Workers' Federation (EMCEF) rather late, namely in 1989, whereas the European Metalworkers’ Federation had been founded already in 1971 (Schäppi 2002, interview; Füssel 1989; Münch 1994).
CFDT eventually started to cooperate with each other. In turn, the Aventis case not only intensified the German-French labour-labour relations, as Aventis eventually accepted the participation of French and German employee representatives in its supervisory board, on a voluntary basis.

Conversely, in the Daimler/Chrysler merger case the management decided to keep the company headquarters in Germany, which implied that the company did not escape the reach of the German industrial relation system, in general, and the Mitbestimmung, in particular. Nevertheless, also in this case the merger led to a new dimension of transnational labour-labour and labour-management relations, as the IG Metall voluntarily decided to allocate one of its seats in the supervisory board of Daimler-Chrysler to the American United Auto Workers union. According to the German EWC president of Daimler-Chrysler, Erich Klemm, this was an important trust-building measure vis-à-vis the US-union. It set off cooperation between the world’s Daimler-Chrysler unions, which eventually led to the creation of a global management-labour consultation body, the World Employee Committee (Klemm 2002).

In conclusion, cross-border company mergers between former national champions might create both new dimensions of transnational labour-labour and management-labour relations. On the contrary, cross-border mergers also question the privileged relation between the management and the trade unions from the company's countries of origin. In fact, cross-border mergers make it increasingly difficult to identify a clear national core of a multinational corporation.

170 Cf. IG BCE and FCE-CFDT 1998; IG BCE and FCE-CFDT 1999a; IG BCE and FCE-CFDT 1999b and Vallée 2000, interview.

2. **Competition policy: a paradigm case of regulatory decision-making**

The European competition policy has been part of the very few regulatory policies considered necessary to the integration of national markets, which had been already explicitly mentioned in the Treaty of Rome (Majone 1994: 85). The EC competition policy is also exceptional compared to EC policy-making in other fields, since it developed almost in tandem with national anti-trust policies (McGowan 2000: 118). In fact, EC and national anti-trust authorities reinforced each other and finally prevailed over the Schumpeterian pro-trust traditions that dominated the economic thinking in many European states until the 1970s.\(^{172}\)

According to the logic of regulatory decision-making, neither the elected politicians nor pressure groups should interfere into the rational decision-making process of the Commission. The officials from its Directorate-General for Competition are advised by an exclusive community that is composed by the "Advisory Committee of Member States" and the competition lawyers, economists and experts from the directly affected companies and other reasonably concerned third parties (McGowan 2000). Yet, the Commission is free to choose whose ideas and proposals to adopt, in contrast to most other social and economic policy fields. Finally, the College of Commissioners adopts the decision of its Directorate-General for Competition whether, or under which conditions, to allow European mergers and acquisitions.

In more than 90 per cent of the notified merger cases the Commission accepts the proposed merger during the primary examination phase, which lasts only one month. The more problematical merger cases are subject to a four month intense examination, which normally leads to a conditional approval of the proposed concentration, involving the cession of some of the merging companies’ activities to other competitors. Formal prohibitions of company mergers are very rare, although they often generate headlines in the business press.\(^{173}\)

\(^{172}\) While the logic of the competition policy mirrors the neo-liberal free market enthusiasm, Joseph A. Schumpeter emphasised that technological innovation rather than product market competition account for economic progress and welfare. Correspondingly, he did not condemn the concentration, or "Vertrustung", of the economy, since only large-scale trusts (or the state) would have the necessary resources to carry out the uncertain but essential research and development activities (Koesters 1993; Lazonick 1991; Nelson and Winter 1982).

\(^{173}\) Cf. the Honeywell-General Electrics, the Tetra Laval-Sidel and the Schneider-Legrand cases.
The European Commission has, thus, acquired a high degree of autonomy in its competition policy. It autonomously specifies and executes the merger control regulations of the Council\(^\text{174}\) and enjoys extensive investigation, decision and fining powers. While the Commission assumes all executive and substantial legislative functions, it also acts as an investigator, prosecutor and judge. It eventually decides whether or not, or under which conditions, to allow transnational company mergers. The strong position of the Commission relies on two EC Treaty articles (Art. 81 and 82 TEC), although the EC-Treaty does not explicitly refer to merger control, in contrast to the Treaty establishing the European Coal and Steel Community.\(^\text{175}\) The Council further reinforced the discretionary powers of the Commission through several Council Regulations.\(^\text{176}\) It is also remarkable that the European Parliament does not have any co-decision powers, although the Council adopts legislation in the field of competition policy by a qualified majority. Hence, the Council can bypass both European and national parliamentary control due to the application of the qualified majority


175 Art. 81 TEC (ex article 85) states that "all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which has as their object or effect the prevention, restriction or distortion of competition within the common market" shall be "prohibited as incompatible with the common market".

176 Already the Council Regulation on competition policy (17/1962) provided the Commission with a number of important investigative, decision-making and fining powers, including the right to seize company records. The Council Regulation No 1/2003 will replace this regulation when it comes into force on 1 May 2004. Although the new regulation is decentralising the enforcement of the EC competition policy, the Commission will not lose any of its powers. In contrast, it will be able to focus its resources on those cases that require more thorough attention. In 1989, a specific merger control Council Regulation further specified the process for controlling mergers and the criteria the Commission should take into account in its decision-making process, such as market structure, consumer interests and technical and economic progress. The merger control process was again revised under Council Regulation (1310/1997), which further extended the scope of the Commission’s regulatory authority. On 11 December 2001, the Commission adopted a Green paper on the review of the Merger Regulation (European Commission 2001) and on 28 January 2003 it published a new draft Merger Regulation. First, the proposal sought to clarify the substantive standard for the analysis of mergers. Secondly, the Commission proposed to make the timing of the notification and investigation of proposed mergers more flexible. Thirdly, the draft would also make the referral of merger cases from the Commission to Member State authorities, and vice versa, simpler. Finally, the draft would also the Commission's fact-finding and fining powers. The new draft should come into force on 1 May 2004, cf. http://europa.eu.int/comm/competition/mergers/review/
voting procedure, without that the European Parliament possesses any co-decision powers in the field of competition policy (Art. 83 (1) TEC). This extraordinary power concentration challenges the fundamental liberal-democratic notion of the separation of power. However, the competition policy of the Commission is subject to review by the European Courts. Though, natural and legal person can only challenge a decision of a European Community institution, if the decision is either directly addressed to that person or is of direct and individual concern to that person (cf. Art. 230 TEC).

The EC competition policy is a paradigm case for the technocratic model of decision-making. This is not so because its actors are above all experts and technocrats, but rather because the notion of conflict is absent in this policy field. In this respect, the decision-making process in the competition policy also differs from the so-called "comitology" practice of other policy areas. In fact, most EC “committees” recognise social and political conflicts and try to come to decisions that are acceptable to a large number of the concerned constituencies (Joerges and Vos 1999; Joerges and Falke 2000). Hence, in contrast to the procedures in the field of EC competition policy, the European comitology practice is, at least, a deliberative process where the logic of market integration has to be made compatible with the social and political concerns and interest in member states (Joerges 2001: 7).

Nevertheless, despite the technocratic and alleged apolitical logic of the EU competition policy, the political sensitivity of the Commission’s merger policy must be kept in mind. This is not very surprising, given that merger control has become – together with monetary policy – one of the most important fields of public intervention into the economy. In the past, the

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177 Hence, while the Treaty of Nice attributed more co-decision powers to the European parliament, the parliament is still excluded from both principal European economic policy areas, namely European monetary policy and competition policy.

178 In 2002, the Court of First Instance annulled three, apparently carelessly prepared, Commission decisions, which weakened its authority to outlaw mergers. Cf. the Airtour-First Choice (T-342/99), the Schneider-Legrand (T-310/01; T-77/02) and the Tetra Laval-Sidel (T-5/02; T-80/02) cases.

179 Yet, Joerges acknowledged that the comitology practice also raises questions about the democratic character of EC policy-making. In fact, the use of Habermas’ deliberative democracy as a paradigm for the legitimation of the secretive and not very accountable EU comitology process conflicts with his radical democratic aim: "Trotz aller Veränderungen meiner theoretischen Position verbinde ich auch mit der Diskurstheorie des Rechts einen radikaldemokratischen Sinn" (Habermas 1992: 386).
Commission paid attention to political pressures from member states and multinational corporations (McGowan 2000), although the concerned Commission officials always emphasise the contrary (Rakovsi 2002; Monti 2002). One has to keep in mind that politicians take the final decisions, namely the members of the College of Commissioners. Moreover, the institutional framework of the EU’s competition policy fundamentally depends on the prevalence of the neo-classical free market doctrine, which is also a very political ideology. Hence, the Commission’s view, that the only criterion of merger control is the effect of an operation on competition, reflects above all its political will, although it assumes the contrary.

However, it is not very likely that the Commission will ever acknowledge in public that non-competitive factors play a role in its merger control policy, although it should also consider the industrial policy objective of "the development of technical and economic progress" (Article 2 (1) (b) Merger Regulation) in its appraisals (Weatherill and Beaumont 1999: 964). However, the Commission legitimatises its authority with the technocratic effectiveness of its policy “in accordance with the principle of an open market economy with free competition”, and not with democratic decision-making procedures, as any appraisal of “political” factors would undermine this technocratic efficiency-based reasoning (Monti 2002).

Yet, it is noteworthy that this does not exclude that non-competitive factors influence the competition policy of the Commission. If the Commission wished, for instance, to support the creation of a European monopoly, it could legitimate its creation without having to use political arguments. It could simply deny the creation of a monopoly in enlarging the definition of the relevant product market and, then, in emphasizing the strength of an extra-EU competitor (Van Bael and Bellis 1994: 471). In 2000, for instance, the Commission used this method, when it approved the politically wanted EADS merger of the three leading European civil and military aircraft manufacturers, Dasa, Casa and Aérospatiale Matra, which lead to the creation of a European monopoly.
B. The role of organised labour in the EU competition policy

The Commission only assesses the competition effects of a concentration (Rakovsi 2002: 20). Additional concerns, such as employment, are excluded from the cognitive image that guides the EC competition policy. Hence, labour issues are not part of the competition policy "référentielle" of the Commission (Muller 1994). Correspondingly, the Commission’s merger notification form asks the notifying companies no questions about the employment consequences of the proposed merger. It also does not inquire as to whether the management consulted the workers’ representatives about it, as required in EC and national labour law. Hence, one would expect that organised labour has no role whatsoever in the EC competition policy. This conclusion is in line with post-Marxist and neo-liberal analyses of the European economic constitution, regardless of their conflicting normative views. All these approaches share the same core assumption, namely that the current institutional framework of the EU does not leave significant space for trade union agency, given the "neo-constitutional" constraints of disciplinary neo-liberalism in Europe (Gill 1998). Nevertheless, structuralist and institutionalist conclusions tend often to be too static, since they underestimate the role of alternative – though, dormant – institutional repertoires of a specific empirical political setting (Crouch and Farrell 2002).

Also, EC law is not free from contradictions. Notwithstanding its free market orientation it urges the Commission to take care of labour in its competition policy. Article 18 (4) Merger Regulation entitles recognised employee representatives, upon application, to be heard by the Commission (Barnard 2000: 547). Even if the Court of First Instance stated in 1995 in its Comité Central d'Entreprise de la Société Générale des Grandes Sources and others v Commission judgment that the Merger Regulation gives primacy to the establishment of a system of free competition, it also emphasised in the same judgment that the Commission may in certain cases reconcile its:

180 However, Article 21 of the Merger Regulation recognises company mergers may touch additional concerns. Therefore, the Regulation foresees that a member state can impose additional conditions on the to be merged companies, in order to protect specific public interests, such as public security or a pluralistic public sphere. In contrast, member states cannot authorise mergers that had been blocked by the Commission.


"assessment of whether a concentration is compatible with the common market, with the taking into consideration of the social effects of that operation if they are liable to affect adversely the social objectives referred to in Article 2 of the Treaty. The Commission may therefore have to ascertain whether the concentration is liable to have consequences, even if only indirectly, for the position of the employees in the undertaking in question, such as to affect the level or conditions of employment in the Community or a substantial part of it."\textsuperscript{183}

Also the thirteenth recital in the Preamble to the Merger Regulation states that the Commission must place its appraisal within the general framework of the attainment of the fundamental objectives of the EC Treaty, including that of strengthening the economic and social cohesion.\textsuperscript{184} In 1997, the Amsterdam Treaty further reinforced the social obligations of the EU.\textsuperscript{185} However, the recitals in the Preamble – surprisingly – disappeared in the Merger Regulation that the Commission’s Directorate-General for Competition published on its website; with the following telling disclaimer: "Only texts published in the Official Journal of the European Communities are authentic."\textsuperscript{186}

The practical and legal implications of the EU Treaty’s social obligations remain, however, very limited because the Court stated in the cited Comité Central d’Entreprise de la Société Générale des Grandes Sources and others v Commission judgment that employee representatives could legally challenge a merger decision of the Commission only insofar as it affected their rights of representation (Vincenzi and Fairhurst 2002: 167). Hence, no union or works council could bring the Commission to court, even if it adopted a "selective attitude towards obligations deriving from the treaty" (ETUC 2002a; European Parliament 2000). Hence, the denial of \textit{locus standi} to the employee representatives concerning \textit{substantial


\textsuperscript{184} \textit{Ibid.}, para. 29. Concretely, the thirteenth recital states that the Commission must place its appraisal within the general framework of the attainment of the fundamental objectives set by Article 2 of the Treaty, including that of strengthening the economic and social cohesion of the Community referred to in Article 130a [new Article 158] of the Treaty. Moreover, the Preamble also emphasises that the Merger Regulation "in no way detracts from the collective rights of employees as recognised in the undertaking concerned".

\textsuperscript{185} Cf. Article 2 TEU as well as Art. 2; 3 (i) and 125 - 130 TEC, in particular 127(2) TEC.

\textsuperscript{186} Cf. \url{http://europa.eu.int/comm/competition/mergers/legislation/regulation/consolidated/en.pdf}.
breaches of law under the Merger Regulation, de facto released the Commission from the Treaty’s social obligations in its conduct of the competition policy. The quoted judgment implies that the employee representatives can only defend themselves against a substantial breach of their procedural right to be heard, because only this would, according to the Court, directly concern their interests.

Though, in Schneider Electric SA v Commission, the Court of First Instance granted, by order of 6 June 2002, for the first time, locus standi to a Comité Central d’Entreprise and a European Works Council in a litigation about a merger control decision of the European Commission. The Court granted the worker’s representatives of Legrand the right to intervene in the proceedings in support of the Commission. The Court argued that the annulment of the Commission decision that prohibited the Schneider-Legrand merger, sought by Schneider S.A., would directly concern the workers’ representatives of Legrand (Pichot 2002).

Nevertheless, it is doubtful that the Court would grant locus standi to workers’ representatives in the case where they would challenge the Commission on the grounds that its merger control decision would breach the EC Treaty's social and employment policy obligations. In fact, in this case the Court would probably argue, first, that dismissals would not follow directly from a concentration, but require the adoption of independent measures subject to identical rules to those which apply where there is no concentration. Secondly, the Court could also argue that the collective dismissals would not directly affect the procedural rights of the concerned employee representatives, either.

However, the political implications of the EU Treaty’s social obligations are significant, since the narrow legal interpretation of direct effect is open to discussion on two grounds. On the one hand, the probable argumentation of the Court contradicts the empirical reality of most company mergers. Their intrinsic motivation consists in the realisation of "synergy effects", which usually means to produce more with fewer employees. On the other hand, the denial of locus standi to the employee representatives concerning substantial breaches of law under the Merger Regulation, de facto relieved the Commission in its conduct of the competition policy.

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188 Case COMP/M.2283, Schneider-Legrand.
of the Treaty’s social obligations. In fact, it is not very likely that the individually and directly concerned parties that actually have *locus standi* (e.g. the would-be merged undertakings) would ever challenge a merger decision of the Commission on social grounds.189

This legalistic argumentation protects the merger decisions of the Commission only from legal, but not political challenges. Although the merger regulations’ reference to the EU’s social objectives provides only a weak legal instrument, it can be effective in the political sphere. Is the Commission really acting legitimately, when authorising mergers without evaluating its possible social consequences and, thus, without respecting Article 127(2) of the EC Treaty, according to which "the objective of a high level of employment shall be taken into consideration in the formulation and implementation of Community policies and activities" (Pichot 2002)?

Finally, mergers are not only subject to competition but also to labour law. The concerned companies must inform and consult their workers’ representatives prior to the merger. Hence, a concentration could violate labour law while meeting the requirements of the competition law. But the College of European Commissioners approves, prohibits or conditionally approves concentrations, without considering an eventual violation of (European) labour law. The Commission's Directorate-General for Competition argued that it would be more "efficient" if national courts controlled the compliance of a merger with the labour law (Rakovsi 2002: 20). However, while this procedure arguably increases the “efficiency” of the merger control policy of the Commission, it is questionable whether such an ex-post control represents also an "efficient" procedure for the enforcement of the labour law. Indeed, once a national court eventually decides on the matter, the merger operation would in any case already be completed, which considerably reduces the possibilities of remedy. This explains why many workers’ representatives consider that contesting their lacking involvement in...
merger operations before the courts would be of little use (Eger 2002, interview). Only in the Netherlands has a company to postpone the implementation of a merger for a period of one month, if the opinion of its works council is negative. During that period, the works council can go to court to challenge the merger decision (Macaire et al. 2002).

Nevertheless, the director of the Directorate-General for Competition claimed that an integration of additional concerns, such as the compliance of a company merger operation with the labour legislation, into the merger control procedure would expose the Commission to serious risks: it would overload the system, or "trop ’charger la baraque"” (Rakovsi 2002: 21). Moreover, the consideration of social issues would also contain the risk of a politicisation of the procedure and, thus, destroy confidence in the Commissions’ merger control policy:

"De plus, il y a un risque de politiser le contrôle de concurrence et de décredibiliser la Commission. Si on veut qu’une discipline communautaire soit acceptée et appliquée par une autorité administrative non-élue, il faut que les critères d’appréciations soient clairs, simples et non politisés.” (Ibid.)

This view is also shared by the European Round Table of Industrialists (ERT), which criticised the inclusion of employee representatives in the European merger control process. According to the ERT, the potential concerns of organised labour were "already addressed by the Commission when assessing the market impact of a proposed transaction". The ERT counterfactually assumed that mergers would in general lead "not only to job preservation, but also to job creation, increased competitiveness and greater prosperity" (ERT 2002: 4) and concluded, that there would be no point in involving employee organisations into the EC merger control policy.

Given the dominance of the neo-classical free market doctrine and considering the technocratic institutional framework of the Commission’s competition policy, it is reasonable

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190 In several other countries – such as Ireland, Norway, Germany, Belgium, Spain and France – workers’ representatives may also express their views in national merger procedures, though without this necessarily having any effect. For example, in the case of Norway the workers’ representatives are entitled to express their views to the Ministry of Trade and Industry, which may, in turn, subject a merger to further scrutiny, if the merger will have "negative effects on the enterprise, with regard to a particular sector or society at large (including effects on employment)” (Macaire et al. 2002).
to suggest that organised labour has no role in this arcane EC policy field. However, this section also hinted at some underdeveloped features of the EC Merger Regulation, which are not consistent with the dominant EC competition policy référentielle: first, Article 18 (4) Merger Regulation entitles recognised employee representatives to be heard by the Commission. Secondly, the preamble of the Merger Regulation emphasises that the Commission must place its appraisal within the general framework of the attainment of the fundamental objectives of the EC Treaty, which includes social and employment policy objectives. Hence, it is not surprising that workers’ representatives have increasingly been trying to influence the EC competition policy, although the DG-Competition acknowledged that it ignores most arguments of the workers’ representatives.

"Il est de plus en plus fréquente que les représentants des salariés interviennent dans ce cadre et, particulièrement, qu’ils participent à l’audition. Mais il y a parfois un malentendu de la part de nos interlocuteurs qui ont du mal à accepter que seuls leurs commentaires sur l’impacte de l’opération sur la concurrence sont pris en considération par la Commission" (Rakovsi 2002: 21).

Yet, the activities of European workers’ representatives have differed considerably, although they tried to break the dominant path of EC competition policy decision-making in all cases. While in the ABB/Alstom case the organised labour emphasised the social objectives of the EC Treaty and politicised the merger, in the Alcan/Pechiney/Algroup case the workers’ representatives used their right to be heard by the DG Competition and adopted a strategy that was compatible with the technocratic approach of the EC Commission (Muller 1994). The following two chapters present the results of an in-depth case study of these two cases and explain the adoption of the corresponding conflicting trade union strategies.
IX. THE ABB-ALSTOM MERGER CASE

Despite the pessimistic conclusions of many academics and unionists about the prospects for European collective action (Hancké 2000; Verdier 2000), on 10 April 2000 almost 2,000 ABB Alstom Power workers, mostly from France, Germany, Belgium and Italy, demonstrated in Brussels to protest against ABB Alstom Power plans to cut a fifth of its workforce. They also protested against the lacking of consultation of the workforce by the management and the European Commission regarding the ABB Alstom Power merger decision, which had far-reaching employment consequences. Finally, the protesters also underlined that "the European competition policy must take full account of the policy guidelines in other areas, especially social and employment policy" (EMF 2000).

Although this was not the first European demonstration of unionists, it was the first time that a nascent European Works Council, national unions and the European Metalworkers’ Federation (EMF) had jointly organised such an event (Lefébure 2002; Lemaître 2000). The ABB and Alstom unions and work councils triggered European collective action and, thus, contributed to the creation of a European public sphere and a politicisation of the EU-integration process, i.e. to Euro-democratisation, according to my analytical framework. However, this joint action of local, national and European trade unions and works councils is rather surprising if compared to other cases (Lecher et al. 2001). This gives rise to the following question: How can the politicisation of the ABB Alstom Power merger case through the joint transnational action of the involved national and European works councils and metalworkers’ unions be explained?

191 However, the EMF had already proclaimed several European days of action before the ABB Alstom case, e.g. in the shipbuilding industry (15 December 1978 and 5 November 1999) or in other multinational companies, such as Phillips (30 May 1979) (Münch 1994: 22). Furthermore, some enterprise-level unions have also already organised transnational demonstrations. The demonstrations against the closure of the Renault Vilvoorde-plant in spring 1997 were certainly the most prominent and pioneering examples of these (Lefebure 2002).
A. Towards supranational management structures?

One of the hypothesis that has been introduced in the first part of this study is the following: The increasing Europeanisation and globalisation of the markets and the increasing geo-centricity of the corporate governance structures of multinational companies forces organised labour to cooperate across borders. In order to assess this thesis, I will first present evidence for the increasing centralisation of the strategic decision-making of the involved companies, i.e. ABB Alstom Power and its two mother companies, ABB and GEC-Alsthom.

1. ABB – a trend-setting, genuine multinational

Asea Brown Boveri (ABB) represents itself a successful case of cross-border merger in the history of multinational corporations. On 10 August 1988, the Swiss Brown Boveri Corporation (BBC) and the Swedish ASEA announced that the two electro-technical multinationals would merge their activities by 1 January 1988. A central purpose of this merger was to reach economics of scale similar to its main competitors, General Electric and Siemens. Moreover, the management took advantage of the merger to redesign the structure of the company and justified the restructurings as a necessary response to the increasing market competition, "especially due the establishment of the Single European Market in 1992" (Uyterhoeven 1993). Though, ABB was not only a product of the Single Market. In fact, ASEA and ABB chairmen, Nicolin and Barnevik, also belonged to the European Roundtable of Industrialists that set the agenda for the European single market programme (Cowels 1995; Van Apeldoorn 2000).

In the 1990s, ABB became a trendsetter in the debates concerning modern management, globalisation and cross-border operation, as emphasised by an ambitious multi-country study (Bélanger and Björkman 1999). The business press celebrated this cross-border merger as one of the most successful since Royal Dutch linked up with Britain’s Shell in 1907. In 1998, the Financial Times even ranked the ABB executives, Percy Barnevik and Göran Lindal, in the top twenty of the world’s most respected business leaders (Sklair 2001: 287).\(^{192}\) This positive ABB-image had three sources (Berggren 1999):

\(^{192}\) However, on 13 February 2002 the general esteem for the two business leaders virtually collapsed. The ABB board accused Percy Barnevik and Göran Lindal of having taken excessive "pensions" of EUR 100 million
• First, ABB was a company with genuine global aspirations in contrast to most other multinational companies.\(^{193}\)

• Secondly, ABB’s model of management has been portrayed as a panacea for the "big company disease", because it included major cutbacks of intermediate and central management staff. Moreover, ABB’s worldwide rationalisation programmes centred on a flexible customer focus strategy that includes short delivery times and a rapid introduction of new products.

• Thirdly, ABB’s "matrix" organisational structure, which combines local and global presence through its two dimensions – territory and business area –, has been praised as an innovative answer to both the persistence of local particularities and the globalisation of the economy.

The lean ABB headquarter (with a only 100 employees) was vastly dependent on the functioning its 34 subdivisions, 40 national centres and more than thousand daughter companies. Nevertheless, it is not evident that ABB was providing local autonomy within the framework of a giant corporation, as frequently suggested in the management literature (Bélanger and Björkman 1999; Ruigrok and Van Tulder 1995). In fact, ABB’s central management techniques of coercive comparison or benchmarking may limit the scope for local managers and workers much more effectively than an executive of a hierarchically organised company. Often, central executives of hierarchically organised companies lack the material capacity to enforce their will against the joint opposition of local management and labour. If one compares, for instance, the autonomy of the former BBC plant in Mannheim before the merger with its situation in the ABB matrix structure, then the traditional BBC

and EUR 54 million respectively without its approval when they gave up their jobs as ABB executives. Barnevik’s behaviour provoked anger and bitterness among the Swedish and the Swiss public as well as ABB’s workers and shareholders (cf. Catrina 2003). Eventually, this wave of protest forced Barnevik and Lindal to return approximately 60 per cent of their "pensions" and Barnevik to step down from the board of Investor AB, the holding company of the Swedish Wallenberg family, one of ABB’s largest shareholders (Handelsblatt 2002; International Herald Tribune 2002).

\(^{193}\) However, while Percy Barnevik really "aspired" to develop a global company, Wilfred Ruigrok and Rob Van Tulder (1995: 153) criticised the mythical "global" image of ABB, which was generated and disseminated by Barnevik and the business press. In fact, ABB’s dependence on strong local clients (governments or strong local firms) considerably limited the possibilities of an international division of labour.
organisational structure provided more autonomy for the Mannheimers. The central BBC management in Baden (Switzerland) was not able to prevent the Mannheim plant from competing with autonomous offers for submissions in third countries against the Baden plants. To the anger of the central management in Switzerland the German offer often prevailed, because the German BBC daughter could count on greater support from its national government (subsidies, export risk insurance, bilateral tax agreements etc.) than the Swiss mother company. These conflicts involving export sales were aggravated by a number of other factors, as pointed out by Hugo Uyterhoeven, a Harvard academic and ABB business consultant:

"First of all, Mannheim has established an impenetrable Siegfried line by hiding behind German corporate, fiscal, and codetermination law. Corporate law made it impossible for Baden to issue orders given the substantial minority holdings in BBC Deutschland. Tax law made transfers of profits prohibitively expensive. Codetermination law required agreement with the Betriebsrat (works council) which defended the local interests tooth and nail. German executives became experts in the use of these defenses. The Swiss, on the other hand, felt that Mannheim was using these devices shamelessly to thumb of their noses at Baden. There were also many personal conflicts. To paraphrase George Bernard Shaw, Baden and Mannheim were two organizations separated by the same language” (Uyterhoeven 1993: 190f).194

This suggests that ABB’s matrix structure might represent only an intermediate step within a rising tendency leading to centralised and global corporate governance, that limits the local autonomy not through a classical authoritarian organisational structure, but through the rational, technocratic devices of coercive comparison. The ongoing restructuring of ABB supports this view. As the matrix structure caused overlapping jurisdictions between global business sectors and the country network, Barnevik’s successors, Göran Lindal and Jörgen Centerman, increased the power of the global management level. The autonomy of local management was further diminished by a new sectoral (1998) and, then, a new functional customer field-oriented (2001) structure (Bierbaum et al. 2001; Hebauf 2002; Catrina

194 Hence, the seminal distinction of three types of agency in organisations, ie. "exit, voice and loyalty” (Hirschman 1970), is apparently not exhaustive. In fact, there must be a forth type, which one might call subversive loyalty (Neveu 1996: 31), as dramatically illustrated by Jaroslav Hasek’s satires about “the good soldier Schvejk”.
This suggests that ABB virtually ceases to comply with its managerial philosophy of "being local worldwide" (Berggren 1999).

This development also reflects a change of ABB’s client structure. Where the electricity utilities were privatised, governments could no longer enforce their national purchasing preferences. Moreover, the increasing political impact of neo-liberal ideology made commercial criteria more important than the protection of domestic manufacturing infrastructures (Bray and Lansbury 2001: 6). The ABB merger might have motivated other multinationals to undertake a similar step. In practice, however, it immediately triggered only the GEC-Alstom merger of two of its French and British competitors.

2. GEC-Alstom: a French national champion goes global

In 1982 France’s first Mitterrand government nationalised the complex holding company Compagnie Générale d’Electricité (CGE) as part of its far-reaching nationalisation programme. It aimed to assure the national independence and the modernisation of the leading French companies. Therefore, Mitterrand’s Schumpeterian industrial policy intended to create "national champions", for example through the concentration of all French companies of the same business segment, to enhance the independence, competitiveness and research and development capacities of the French industry. In that respect, Mitterrand's industrial policy was very similar to the industrial policy of the US-defence ministry relative to the industrial-military complex (Cohen and Lorenzi 2000). Also the CGE benefited from the French state’s re-capitalisations and investments. Until 1985, CGE integrated the French telecom- and communications company, Thomson, and formed a common power station, railway and shipbuilding daughter company, called Alstom. In 1986, the CGE pooled its telecommunications and electronics activities with the US-based International Telephone and Telegraph Corporation (ITT) resulting in the creation of Alcatel N.V.. Regardless of the recovery of CGE during its period as a nationalised company, or, from a reverse point of view, precisely due to its successful consolidation, the centre-right government re-privatised CGE in 1997 (Uterwedde 1999).

195 Nevertheless, the continuous reorganisation of ABB did not pay off. During 2001, the ABB shares lost almost 90 per cent of their value. Eventually, ABB had to sell several of its business areas to cover its significant debts (Neue Zürcher Zeitung, 19.09.2002: 9).
In 1988, CGE reached a joint venture with the British GEC and one year later, the two companies eventually merged their power stations, railways and shipbuilding sections. This gave rise to a common daughter company, GEC-Alsthom. However, its mother companies, CGE (now called Alcatel)\footnote{In 1989, its merger simplified the holding structure of the CGE with the Cie. Financière Alcatel and Alsthom SA. Moreover, the holding changed its name from CGE to Alcatel-Alsthom, in 1991, and, finally, to Alcatel with effect from 1 September 1998.} and GEC (now called Marconi), neither ceased to exist (unlike ASEA in 1996) nor became a mere holding company (like the BBC), but continued to operate autonomously, in particular in the telecommunications and in the defence sector. With its 70,000 employees GEC-Alsthom (now called Alstom) was only a third of the size of ABB. In transport the French high-speed train TGV was its most famous product, whereas in power generation, gas turbines were a prime product (Björkman 1999: 32). Moreover, Alstom’s organisational structure had much more in common with the traditional hierarchical company structure than with ABB’s matrix structure, even if Alstom also started to disintegrate its huge multi-product production sites in the middle of the 1990s, in particular in Belfort.

3. Merging ABB’s organisation with Alstom’s hierarchy

In March 1999 Alstom and ABB announced their intention to merge their power generation sections (Agence Europe, No. 7431, 27.03.1999). The new identity created by the merger was called ABB Alstom Power and was held at 50-50 by the two partners. With its 54,000 workers in about 100 countries and its pro-forma turnover of about EUR 9.9 billion in 1989, it represents, with General Electric and Siemens, one of the largest multinationals in its business sector. Only some weeks later did the European Commission authorise this operation (Agence Europe, No. 7478, 04.06.1999). Finally, the group began to operate on 1 July 1999. However, only nine months later, ABB sold its remaining 50 per cent participation to Alstom, which subsequently became the sole owner. Finally, ABB Alstom Power was re-integrated in Alstom. Once again, the ABB Alstom Power changed its name and became Alstom Power.

These ongoing restructurings are incredibly complicated to follow. They also entailed considerable negatives effects for the functioning of the concerned works councils. First, the creation of the “ABB Alstom Power” joint venture meant that the existing EWCs of ABB and
Alstom were not competent anymore for the new company. As a result, the worker representatives’ had to negotiate a new EWC with the ABB Alstom Power management. However, these negotiations never materialised, because ABB Alstom Power was no longer obliged to create an EWC of its own, after its later re-integration of Alstom (see below).

(ABB) Alstom Power took over not only the apparently better technology of ABB, but also its asymmetrical "matrix" organisation structure, although with a reduced country dimension. This, coupled with the hierarchical corporate culture of the former Alstom managers, led to an additional loss of autonomy for the national management. If we look at the local level, this signifies, according to the IG Metall works councillor, Wolfgang Alles, from the already mentioned Mannheim plant, that the local management has to ask permission from the central management in Brussels for any investments above EUR 50,000. Consequently, "the Mannheim management, which is responsible for 2,000 employees, has less autonomy than a local baker" (ibid.). Moreover, it can no longer employ new workers without permission from the Brussels central management. Evidently, the autonomy of the Mannheim plant continuously diminished during its last years, if one compares Alles’ account with Uyterhoeven’s (1993) portrayal of a substantially autonomous German BBC company within the former BBC group. The centralisation of strategic decision-making at the top of the multinational management, however, did not only affect the Mannheim plant. Its first CEO, Claude Darmon, a former Alstom manager, and four additional central managers planned the whole ABB Alstom Power merger process within a period of only three months. Even the directors of the specific business areas and country departments were not consulted during this process. Thus, their function was limited to execution of the central decisions. This is a clear sign of a supranationalisation of management.

The transformation of the corporate structures during the last decade, however, not only led to a centralisation of strategic decision-making, but also to a fragmentation of the company structures on the different sites. Whereas in the 1970s, for instance, all workers of the huge Alstom site in Belfort belonged to the same company, the site’s personnel is now dispersed over a considerable number of different Alstom core-companies, subcontractors and outsourced service providers. Moreover, new firms also started their activities within

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Incidentally, the “better” technology of ABB eventually almost bankrupted Alstom. It lost several billions of Euros, because the clients of ABB’s high power gas turbines hold Alstom liable for the serious malfunctioning of these supposedly most up-to-date machineries.
Belfort’s Alstom site (Heller 2000, interview). This fragmentation of the company structures represents a general trend. But whereas in Belfort these company restructurings were almost completed even before the ABB-Alstom merger, the French management tried to use the merger to split the remaining multi-product enterprises in France, as well. It did not reach this goal, at least not until September 2001 (Blanche 2001, interview). Whereas the fragmentation of a multi-product enterprise usually does not necessarily signify a deterioration of working conditions in the first place, it entails a much greater economic risk for the workforce in the long run, since the performance of the enterprise depends on the success of only a single product. Furthermore, the fragmentation of an enterprise hampers collective action, as strikes generally require a united workforce. Therefore, the French union resistance to such transformation plans of the ABB Alstom Power management finally increased (Blanche 2001, interview).

These restructurings have had a different impact in the various national industrial relation systems. In the countries where collective bargaining took place at the company level, the unions lost a lot of their negotiation power. In France and Switzerland, the fragmentation of a company led to a further erosion of company-level wage bargaining. In Germany, however, it did not affect the regional-level wage bargaining between IG Metall and the metal-industry employer organisation. Moreover, the post-merger 1988/9 protest and strike-wave of the German workers against ABB’s restructuring plans persuaded the management to sign a pioneering voluntary works agreement that adapted the German codetermination to ABB’s new matrix structure. This agreement stipulates that the employees of a common location elect a joint local Works Council, even if they belong to different ABB companies, and it establishes business-area specific working groups of the national Konzernbetriebsrat (Gerster 1997; Hebauf 2002: 21). These innovative co-determination regulations continue to exist, also within Alstom Power Deutschland, due to an agreement on "Works Council-organisation", signed on 24 January 2001 by the German Alstom Power AG and the Konzernbetriebsrat.

One can observe a centralisation of the strategic decision-making structures within the companies involved in our first merger case. However, the assessment of the companies’ recent corporate history also highlights that this centralisation process is accompanied by a

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198 Among them is also an Alstom competitor, General Electric. The US multinational bought Alstom’s gas turbines department, which was not integrated in the new group.
parallel decentralisation or even fragmentation of the company structures. Hence, while the centralisation of the decision-making structures represents an incentive for a transnationalisation of organised labour activities, the parallel fragmentation of company structures suggest that transnational union action becomes increasing difficult, as implied by Streeck (1999) and Hancké (2000).
B. Transnational pre-merger trade-union activities

Before examining the activities of the European workers’ representatives of the two companies involved in the ABB Alstom merger case, this section provides a short overview of the preceding company-level transnational trade union activities, in general, and within the selected companies, in particular. The addition of this historical perspective introduces an additional comparative dimension, which is necessary to assess the explanatory power of another hypothesis that had been introduced above: i.e. that transnational pressures gradually lead to transnational interactions and learning processes that favour an Europeanisation of social movements and trade unions (Habermas 1992: 650; Klebe/Roth 2000).

Between 1966 and 1977, the sectoral international trade union federations\footnote{Above all, the \textit{International Metalworkers’ Federation} (IMF) and the \textit{International Chemical, Energy and General Workers’ Federation} (ICEF, until that time ICF).} established \textit{World Company Councils} for over 60 multinational companies (Etty 1978: 77f). The declared aim of this campaign was the setting up of multinational "free collective bargaining", according to the North American voluntarist model (Levinson 1972). This campaign represented an important shift in the history of international unionism. It implied a significant shift in the focus of the “free” or social-democratic international union organisations from politics – i.e. the fight against communism and fascism – to economics, given the rise of multinationals (Busch 1983; Abbott 2001).\footnote{Yet, for the \textit{International Confederation of Free Trade Unions} (ICFTU) and many sectoral union secretariats any cooperation with communist and, to a lesser extent, Christian unions continued to be a sacrilege (van der Linden 2000; Gumbrell-McCormick 2000).}

The growing importance of multinationals also motivated the communist French and Italian unions, CGT and CGIL, to establish "European" shop steward committees (Pernot 2001; Etty, 1978: 78; Philip 1978: 80). These councils not only involved communist unionists, but also local workers’ representatives from other unions that criticised, in line with the 1968 events, the bureaucratic, top-down approach of their national and international union organisations. In contrast to the World Company Councils, these European shop steward committees usually refused transnational collective bargaining and emphasised, instead, the council’s role in
cross-border information exchange and transnational coordination of local industrial action. As a result, in several companies two rival international union councils existed. These reflected two overlapping cleavages, a political (the anti-communist vs. united left cleavage), and a structural (the top-down vs. bottom-up cleavage). Among these, the union action in the *Dunlop-Pirelli* merger case in 1971 is perhaps the clearest example of the conflict between the two modes of international trade unionism in the 1970s.

The *Dunlop-Pirelli* shop steward committee was composed of left-wing British *Transport and General Workers’ Union*, French CGT and Italian CGIL, CISL and UIL company level trade union delegates. This committee, on 8 June 1972, organised a "Eurostrike" against the company’s collective dismissal plan, which involved 28,000 Italian and 14,000 British workers. In turn, the *International Chemical and General Workers’ Union* (ICF) invited its member unions on 21/22 June 1972 to Geneva in order to create an ICF-led *Dunlop-Pirelli* world company council. Whereas one side of the union divide accused the European shop steward committee of being "founded and directed in their work by the Italian and British Communist parties" (G. Busch 1983: 200), the other criticised the "bureaucratic" ICF world company council, because it included neither company-level shop stewards nor the most representative Italian and French unions (Miller 1978; Moore 1978; Brumlop 2002). As a result, the company management played off one international union group against the other, although the leadership of both union groups came from the same British union (Busch 1983: 201). The company management held discussions with two separate international union groups, but recognised eventually neither group as a contractual partner (Moore 1978: 104).

Despite some successes, for instance in the *AZKO* case, in the long run these early transnational union initiatives often came to nothing. On the one hand, the executives of

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202 See, for instance, the transnational union campaign against the closure of four European plants of AKZO – one of Europe’s largest producers of chemical fibres – which implied 6,000 job losses (Langwieler 1978). In 1972, transnational industrial action of Dutch, Belgian, German and Swiss unionists successfully blocked these collective dismissals. However, the transnational solidarity between these unions did not endure forever. While the economic crisis of the sector worsened, and given unequal national protections against collective dismissals, the management succeeded in playing off one plant against the other during the ensuing negotiations with the AKZO international trade union council. However, this transnational union action also considerably contributed to the development of EU labour law. In 1975, the Council adopted, as a result of the AKZO case, the EEC directive on collective dismissals (75/129/EEC), which aimed to harmonise the
multinationals frequently did not want to meet workers’ representatives at the international level and no political or legal constraints forced them to do so. On the other hand, political cleavages and internal rivalries between the workers’ representatives and the persistence of national exit-options frequently put an end to these voluntary cross-border trade union councils and committees. Nevertheless, the "astute public relations" (Northrup and Rowan 1979: 19) campaign of the international trade union secretariats in favour of World Company Councils played a substantial role in the process that eventually led to the adoption of the European Works Council directive in 1994 (Rehfeldt 2000).

The adoption of the EWC directive was an essential catalyst for the re-emergence of transnational labour relations in the 1990s. For the first time, executives of multinationals were obliged to meet workers’ representatives at a transnational level. Since the adoption of the directive in 1994 over 630 EWC agreements have been signed (Lecher, et al. 2001: 12); indeed, a far greater number compared to the 65 World Company Councils of the 1970s. There is no agreement in the literature as to whether this development will lead to a Europeanisation of labour relations (cf. Müller and Hoffman 2001). But the following review of the transnational labour relations of ABB and Alstom suggests that adoption of the EWC directive largely contributed to the materialization of transnational union activities in Europe.

1. Asea Brown Boveri’s transnational labour relations

On 1 January 1970 the Swiss Brown Boveri Corporation (BBC) centralised the managerial control of some operations that were formerly highly decentralised. This motivated the International Metalworkers' Federation to request a meeting with the central BBC management "in order to become acquainted with the new organisation of the company" in order to prevent a distortion of competition through “social dumping” (Fuchs and Marhold 2001: 8).

203 For a detailed discussion of these early attempts see: (Rehfeldt 2000; Esser 1981; Northrup and Rowan 1979; Etty 1978).

204 "Der Eindruck scheint gerechtfertigt, dass sich die meisten - insbesondere die strategisch wichtigsten Gewerkschaftsorganisationen - erst dann aktiv einschalten, wenn eine bestimmte Aktion für sie selbst von Nutzen ist. [...] Oft verfügt eine Gewerkschaft im Stammland eines MNK [multinationalen Konzerns] über sehr gute Beziehungen zum Unternehmen, die sie nicht dadurch gefährden will, dass sie sich für die Belange einer kleinen Organisation aus einem sog. Entwicklungsland stark macht." (Etty 1978: 75)
On 4 September 1970 a delegation composed of two IMF officials as well as BBC works councillors and trade union officials from Germany (IG Metall), Norway, Austria, Switzerland (SMUV), France (CFDT, FO) and Italy (CISL, UIL) met the central management, with the intention to evaluate "the possibilities of future negotiations on specific problems aiming at a better information of the IMF on B.B.C.’s business policy and its consequences on the labor side" (ibid.) However, according to Northrup and Rowan there is no evidence of any additional meeting, even if the IMF reported in a subsequent press release that there was "agreement to meet yearly and, when important problems arose, to renew contacts" (ibid. 137f). In contrast, the BBC director G. Bütikofer stated in 1973 "no promises were made. Especially there was no agreement on future negotiations or regular consultations." Moreover, Bütikofer emphasised that the IMF press release "created some disturbances not only in Brown Boveri subsidiaries but also in other business circles, because the announcement made believe that our top management had agreed to institutionalised meetings and talks at the level of the IMF" (ibid. 138).

Many years later, in 1987 the BBC–ASEA merger again stimulated the unions, especially from Germany, Switzerland and Sweden, to try a transnational coordination of their activities. Shortly after the announcement of the merger, Swedish, German and Swiss trade union officials met in Stockholm (08/87) and Mannheim (10/87). In January 1988, they established a World Company Council in the framework of the IMF (Rüb 2002: 39f). Moreover, two larger international ABB workers’ conferences were held in Mannheim (03/88) and in Bern (08/88). The latter conference was, again, organised by the International Metalworkers’ Federation (IMF) and not by the EEC-oriented European Metalworkers’ Federation (EMF). It brought together 70 unionists and works councillors from ABB plants in 20 countries. This meeting did not however include all ABB unions, since the white-collar trade unions met separately (Hammarström 1994: 162). Whereas all trade unions jointly urged ABB’s CEO Percy Barnevik to respect the workers’ and unions’ rights and achievements, the Mannheim IG Metall newsletter acknowledged after the conference that it would be difficult to prevent an ABB policy of playing off one production site against the other (Gerster 1997: 32). Nevertheless, these transnational exchanges continued to take place and eventually contributed to an increased transnational understanding. Whereas shortly after the merger 205

After 1990, however, also most metal trade unions from the EFTA countries finally joined the EMF, together with their Central European counterparts, including the Swiss Metal and Watchmaker's Union (SMUV) in 1990, at that time the most representative union in BBC’s home country (Münch 1994).
nationalistic voices against the Swiss and the Swedish ABB sites were quite common, for instance in Mannheim, they disappeared after the Mannheimers realised that the ABB sites of the other countries lost at least as much employment as the German ones (ibid.).

Between 1990 and 1994, the ABB World Company Council held a further meeting every year, in order to exchange information and to engage in a dialogue with the management about ABB’s company strategies. The ABB workers’ representatives tried also to establish international "segmental committees" to deal with issues specific to ABB’s business divisions (i.e. power generation, transmission and distribution, transport) (Rüb 2002: 39f). However, the ABB management did not wish to enter into negotiation with international trade union secretariats, despite a gradual and complex conversion of ABB’s employment relations over the past decade (Bray and Lansbury 2001). Finally, it was the EWC directive that convinced the management to sign in September 1996 a "voluntary" EWC agreement and to recognise the European Metalworkers’ Federation (EMF) as a transnational contractual partner. Subsequently, the European-level became the prevailing locus of transnational trade union cooperation within ABB, although the IMF still organised occasional ABB conferences (Bierbaum et al. 2001).

During recent years the EWC became the most significant example of employee involvement, despite the lacking of formal co-determination rights. According to the president of both the German ABB Konzernbetriebsrat (since 1987) and the ABB EWC (since 1996), Adolf Schmitt, his presence in the European Works Council eventually turned out to be more important than his presence within both the German Konzernbetriebsrat and the supervisory board of ABB Deutschland AG, despite the comprehensive German codetermination rights. In fact, the more ABB centralised its decision-making at the central supranational level, the more the German management lost its discretion power, and the more the German co-determination rights became de facto redundant. Correspondingly, Adolf Schmitt would be discussing important issues rather with the central management in Zurich, than with the national management in Mannheim. However, one has to take into account that this is a very recent development. In fact, neither the national nor the European workers’ representatives

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206 In 1990, the German ABB Konzernbetriebsrat and the German ABB management introduced for the first time "segmental committees" at the national level due to an innovative agreement (Betriebsvereinbarung), which prefigured a corresponding amendment of the Betriebverfassungsgesetz in 2001 (Hebauf 2002: 21).
were consulted on the subject of the ABB Alstom merger by the management.²⁰⁷ For that reason, Schmitt called for a revision of the EWC directive, which should not only consolidate the EWC’s information and consultation, but also establish additional co-determination rights at the EU-level (Hebauf 2002: 20).

2. Alstom’s transnational labour relations

In the Alstom case, major company restructurings motivated national trade unions to develop transnational contacts between the employee representatives of different countries. In 1986, the Alcatel joint-venture between Compagnie Générale d’Electricité (CGE, later called Alcatel-Alstom) and ITT entailed major company restructurings and 35,000 job losses. In this context, several social democratic trade unions agreed to create an Alcatel World Company Council in the framework of the International Metalworkers’ Federation (IMF). However, this Council only met twice, i.e. in 1986 and 1987 (Rüb 2002: 39). Nonetheless, the transnational trade union cooperation between different CGE/Alcatel-Alstom sites remerged during a subsequent collective dismissals wave in 1996.

On 22 May 1996, many rank-and-file CGE/Alcatel-Alstom trade unionists made a first transnational experiment (Costi 2000, interview), as they joined a European trade union demonstration against a massive collective dismissal plan in Paris. This pioneering, transnational demonstration was organised by a European ad-hoc trade union network, which included Belgian (CSC, FGTB), French (CFDT, CGT), German (IG Metal), Italian (CGIL, CISL, UIL) and Spanish (C.C.O.O., UGT) unionists. In contrast to the preceding IMB World Company Council, the transnational demonstration gathered for the first time not only trade unionists sharing the same ideological traditions and, thus, international trade union organisation affiliations. According to a Les Echos interview with Paul Garagnon, deputy secretary of Alcatel’s national CFDT section, this encompassing demonstration was largely a result of the globalisation of Alcatel’s decision-making structures:

"La direction réorganise l’entreprise par ‘business divisions’ et insiste sur la mobilité intérieure du groupe. Dorénavant, chaque décision a des conséquences dans tous les pays. Il faut donc agir ensemble dans tous les pays et que la direction accepte de négocier au niveau du groupe" (Escande 1996).

Although GEC Alsthom was not directly concerned by the CGE/Alcatel-Alstom restructuring plans, most of its trade union delegates and works councillors also joined the demonstration to support their Alcatel colleges, as they still belonged, at least partly, to the same mother company, CGE/Alcatel-Alstom (Costi 2000, interview).

On 30 May 1996, the GEC Alsthom (now called Alstom) management signed a "voluntary" European Works Council agreement that established the "GEC Alsthom European Forum" according to the transitory provisions of Article 13 of the EWC directive. The distribution of the seats within the Alstom EWC reflected not only the relative numbers of employees in one country, but also guaranteed 'all representative European trade unions were represented”. As the EWC has no veto rights, the CGT EWC delegate emphasised that there was no reason to exclude anybody (Blanche 2000, interview).

The first activity of Alstom’s EWC was the adoption of a common declaration in December 1998 after the entry of Alstom on the stock exchange in June 1998. The EWC met only once a year, but its "select committee" met more frequently, namely, 4-5 times a year. Its five members collaborated in an "open-minded" way despite their very diverse national (trade union) cultures. Only the French (English, Spanish, German and Russian) and German EWC representative (English) spoke foreign languages. Nevertheless, the EWC created better mutual understanding among unionists from different countries and unions, as its work focused more on the realities of the different working places, while ignoring the ideological differences of the various union confederations. Likewise, the EWC also facilitated cooperation among the French unions (ibid.).

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208 Incidentally, the 1996 Alcatel demonstration did not remain an isolated case. On 26 September 1999, several striking IG Metall trade unionists travelled once more to Paris and demonstrated together with French CGT unionist against the closure of their Alcatel plant in Berlin (Lille 1999).
This section has demonstrated that international trade union secretariats, national unions and works councils tried already in the 1960s and 1970s to establish transnational union structures within multinational corporations, however, without much success. Subsequently, both the CGE-ITT (Alcatel) joint-venture of 1986 as well as the BBC-ASEA merger of 1987 again motivated many national trade unions to seek transnational trade-union cooperation. These attempts led in both cases to the creation of a World Company Council (WWC) in the framework of the social-democratic, blue-collar International Metalworkers’ Federation. However, the two WWCs functioned for only two (CGE/Alcatel-Alstom) and six (ABB) years, respectively. The short-lived existence of the WWCs reflected above all their voluntary character, the exclusion of all non-IMF unions from it and a reluctant attitude of the management towards it. The introduction of a mandatory European Works Councils system through the respective EC-directive in 1994, the declining importance of cold war divisions within the union movement, the increasing centralisation of decision-making in multinational companies on a transnational level and the increasing transnational experiences of company-level unionists reinforced the transnational trade-union cooperation in Western Europe. Since 1996 both Alstom and ABB works councillors and unionist from different countries, professional categories and ideological traditions have worked with each other on a regular basis, within their European Works Councils. The following sections will show how the revival of transnational cooperation enabled organised labour to adopt a specific Euro-democratisation strategy in the ABB-Alstom merger case.

209 Namely the "communist" French CGT and several white-collar unions from other countries, although they represented many local employees.
C. The ABB Alstom merger trade-union activities

On 23 March 1999, the Paris-based Alstom and the Zürich-based ABB announced the merger of their power generation sector, to create a 50-50 joint venture called ABB Alstom Power. With its 54,000 workers in about 100 countries, ABB Alstom Power represents, with General Electric and Siemens, one of the biggest multinationals in its business sector. On 1 July 1999 ABB Alstom Power began to operate, as the Commission had decided on 2 June 1999 not to oppose the concentration. The whole ABB Alstom Power merger process was planned and implemented by not more than five central managers within a period of only three months. The central management did not consult even the directors of the companies’ business divisions and country departments during this process.

1. Organised labour’s first reactions after the merger announcement

Both the ABB and the Alstom EWC learned about the ABB-Alstom merger project via the press. Eventually, ABB and Alstom informed and consulted their EWCs, but only after the approval of the merger project by the European Commission. Alstom’s CEO Pierre Bilger finally informed the workers’ representatives about the approval of the merger project by the European Commission at the plenary session of the Alstom EWC in Frankfurt (10/11 June 1999). Nevertheless, the Alstom EWC maintained that it had not been consulted in good time "sur le bien-fondé de cette décision" by either the management or the Commission (Blanche 2000, interview). The same fate occurred to the ABB EWC. It had to learn that the ABB management had not consulted it before the merger decision nor involve it during the merger process (Hebauf 2002).

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210 European Commission, Case No IV7M. 1484 – Alstom/ABB, 2 June 1999.


212 Incidentally, the central ABB management also ignored the information and consultation rights of the EWC when it announced on 24 July 2001 an additional restructuring plan that included 12,000 collective dismissals worldwide. The management justified its behaviour vis-à-vis its EWC with the restrictive US stock-exchange laws, which would rule out the application of the EWC directive (Frech 2001). However, only some month later the same ABB management declared that it would not comply with the Sarbanes-Oxley Act that the US Congress introduced after the Enron scandal. The applicable Swiss laws would suffice: “Die Grundlagen im Zivil- und Strafrecht sowie die Richtlinien der SWX Swiss Exchange zur Corporate
As the workers’ representatives feared that these "restructurings would lead to collective dismissals in all countries", the Alstom EWC wrote, first, an "address to the employees of the Alstom group", second, a letter to the président directeur-général (PDG) of Alstom and third, to the President of the European Commission. On the one hand, the EWC questioned the authorization of the ABB Alstom Power merger by the Commission, because it did not consult the workers’ representatives and consider aspects other than those of competition policy. On the other hand, the PDG of Alstom, Pierre Bilger was urged to meet the "select committee" of the EWC and to recognise the responsibility of the Alstom EWC also for the outsourced power sector, at least until the new company had established its own EWC. Subsequently, these three documents were translated into German, French, English and Spanish and distributed to most European Alstom sites.

Commission President Romano Prodi responded that the Commissioner in charge of the EC competition policy was not available at the moment but would be willing to meet an EWC delegation later. Conversely, the management agreed to meet the EWC’s select committee. But at a subsequent meeting in July 1999 the head of the Alstom human resources department declared that he was not longer competent to say anything about the Alstom Power sector, as it now belonged to a new company. Stating this, he pointed to the fact that the European Works Council directive failed to regulate the EWC functioning in 50-50 mergers (European Parliament 2001:15f). According to the secretary of Alstom’s EWC and French CGT delegate, Francine Blanche, this "self-righteous" management behaviour eventually encouraged the protest movement: "Nobody likes to be fooled: first, it is too early to discuss the merger, because it has not taken place and then it is too late to discuss it, because it has taken place" (Blanche 2000, interview).

Since multinational companies frequently ignored the information and consultation of their EWCs during mergers, the central committee of IG Metall initiated a study to evaluate the situation within the concerned enterprises and to examine the scope of action of the workers’

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Governance genügten um die Verantwortlichen in die Pflicht zu nehmen (Ambühl 2002).


representatives in merger processes. For this purpose, IG Metall engaged the Saarbrücken-based consultancy firm, *INFO Institut*, which had already advised the IG Metall and the German ABB *Konzernbetriebsrat* in the past. In time, the *Info Institut* provided a shop-floor level study of key ABB and Alstom sites in Germany. This inquiry revealed that the management’s information policy concerning the merger was "proche du zéro" and that the employees feared negative consequences for their sites and their personal career.

The study also indicated that the German ABB and Alstom employees were ready to envisage industrial action and to unite themselves with workers from other countries and production sites. My own interviews support this view: Wolfgang Alles, a ABB Alstom Power works councillor in Mannheim, concluded from his experience with previous ABB company restructurings that "the more multinational corporations increase their penetrating power due to a transnational business segments organisation structure, the more we must construct alternative structures and perspectives on this level." (Alles 2000, interview). This recalls the above quoted argument of Garagnon in favour of the 1996 Alcatel demonstration. Likewise, a CFDT delegate and Alstom EWC concluded "if we are not organised in the new enterprise before there are problems, it will be too late" (Heller 2000, interview). Therefore, the IG Metall organised an international seminar about the merger in Mannheim, i.e. in the city of the German ABB headquarters.

2. The Mannheim seminar: developing a common strategy

The Mannheim seminar of 22 to 24 November 1999 gathered together approximately 40 individuals, namely the members of the two EWCs, works councillors, unionists, experts and business consultants from 11 countries and from 20 trade unions, including representatives from white-collar employee associations, as well as the general secretary of the EMF.

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217 Namely, the Belgium (FGTB; CSC), British (AEEU; MSF; GMB), Czech (OS KOVO), French (CGT; CFDT; FO; CFDC; CGC), German (IG Metall), Italian (CISL), Polish (Solidarność), Portuguese (CGTP), Spanish (CCOO; UGT), Swedish trade unions *Swenska Metall; Privat Tjänstemanna Kartellen/Svenska Industri Förfundet* and the Swiss *Verband Schweizerischer Angestelltenvereine in der Maschinen- und Elektroindustrie*. Cf. *Déclaration de Mannheim*, op. cit. In turn, some unions that did not participate at the Mannheim seminar sent delegates to the ABB Alstom Power Brussels demonstration (e.g. the Italian CGIL and UIL as well as the Swiss Metal and Watchmakers’ Union SMUV).
Compared with the failure to bring together all involved unions and employees’ organisations during the ABB merger in 1988/9, due to their conflicting ideological and categorical background (Hammarström 1994), the mere fact that such a meeting was possible represented a progress.

The existence of EWCs in both corporations has contributed notably to this broader participation. It provided a framework in which enterprise-level workers’ representatives of all European countries could get to know each other, notwithstanding the different ideological and categorical backgrounds of their organisations. The Mannheim meeting has also profited from the pragmatic approach of EWC members, in general, and, the Alstom EWC secretary and CGT-delegate, Francine Blanche, in particular, who believed that “build up something in Europe only from below, starting from the realities of our working places” (Blanche 2000, interview). This indicates that the ideological conflicts in international trade union politics diminished remarkably, after the end of the Cold War and the growing effects of the Europeanisation and globalisation of economy and politics (Abbott 2001). While the EWC directive empowered the CGT to send delegates to any EWC where it represented a sufficient share of the company’s workforce, the CGT was not part of the preceding, voluntary ABB and CGE/Alcatel-Alsthom World Company Councils, given the policy of non-cooperation with “communist” unions of the International Metalworkers’ Federation. Moreover, in the meantime the CGT also cut its close relation with the French Communist Party (PCF) and joined in 1999 the European Trade Union Confederation, its industry federations including the EMF in 2000.

The central ABB Alstom Power management was also invited to the meeting, but it did not attend. It organised, in turn, a week before a meeting with European workers’ representatives in order to negotiate a new ABB Alstom Power EWC agreement. By doing so, the management tried to keep the situation under its control (Kämmerer 2001, interview).

Incidentally, only some years ago a joint declaration of, for instance, the French CGT and the Polish Solidarność, was very unlikely.

In contrast, the international union movement remains divided along ideological lines, in the reformist International Confederation of Free Trade Unions (ICFTU), the Christian World Confederation of Labour (WCL) and the communist World Federation of Trade Unions (WFTU); though, the ICFTU and the sectoral international union federations significantly enlarged their constituencies. In 2002, for instance, both the Belgian Christian CSC metal and post-communist French CGT-FTM unions became IMF-members.
The broader participation at the 1999 Mannheim meeting also reflects the rapprochement (and ultimately amalgamation) between the German white-collar Deutsche Angestellten Gewerkschaft (DAG) and the DGB unions. Whereas the DAG-works councillors did not participate at the ABB-merger IMF-meetings in 1987/8 (Hammarström 1994), they did participate at the 1999 Mannheim seminar, as they joined the IG Metall in the meantime. Nevertheless, not all participants of the Mannheim seminar were affiliated to the EMF. This underlines the role of the EWC in explaining the broad participation at the 1999 seminar.

Furthermore, the ambiguous legal situation concerning the information and consultation rights of the EWCs in 50-50 mergers and the knowledge of EU institutions of the seminar organisers as well as their ability to work in a transnational context contributed to the success of the ABB-Alstom seminar (Kämmerer 2000, interview; Croucher 2001, interview). A financial contribution of the European Commission facilitated IG Metall’s capacity to cover the costs for simultaneous translation, accommodation and travel expenses for all seminar participants.

The seminar participants inferred from the reports of the workers’ representatives from the different countries and a joint preliminary study of the Alstom’s French work council consultancy firm, Alpha Consulting and German work council consultancy, Info Institut, that the ABB Alstom Power management was planning a company restructuring that would threaten between 10,000 and 12,000 of the 58,000 ABB Alstom Power jobs in all countries and in all business sectors. Moreover, the participants concluded that the restructurings hit more or less all sites of ABB Alstom Power proportionally, which triggered a certain "feeling of common interest" (Croucher 2001, interview). Incidentally, this learning process was for the federal training and education department of the IG Metall a central motivation to support the Mannheim seminar (Buchholz 2000, interview). Eventually, the seminar led to the unanimous adoption of a common "Mannheim declaration" on 24 November 1999, which had

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221 In 2001, the DAG amalgamated its organisation with the service sector unions of the DGB to create the Vereinigte Dienstleistungsgewerkschaft (Ver.di). Given the "one enterprise - one union principal" of the DGB, the DAG members that work in the industrial sector did not join Ver.di, but the respective industrial unions, such as the IG Metall.

222 See, for instance, the Swiss ABB-employee representative, Max Pauli, who was a member of ABB’s in-house white-collar employee association Verband Schweizerischer Angestelltenvereine der Maschinen- und Elektroindustrie (Frech 2001).

been drafted by active seminar participants only some hours before. The declaration demanded the stop of any plant closure and dismissals plans and an immediate consultation of the national and international employee representatives.\textsuperscript{224} Furthermore, the declaration envisaged a joint “European day of action”, although several unions had initially strong reservations about joint European demonstration.

In fact, there was a certain "lack of confidence vis-à-vis the representatives of other countries", according to Richard Croucher, the expert of the British ABB Alstom unions (2001, interview). The working groups, which discussed the Mannheim declaration proposal, had been national. Nobody wanted to be the “only one on the barricades” and especially the British delegates feared that the continental unions would push them into an industrial conflict against their will (ibid.). The Italian, Spanish and Portuguese unions supported in principle the idea of a European demonstration in Brussels, but emphasised its significant practical problems, e.g. the huge travel costs. Initially, only the German, French and Belgian unions supported the idea of a European demonstration on a working day in Brussels. Nevertheless, the reservations about the adoption of the Mannheim declaration could be reduced because the meeting was transparent and no pressure was put on anybody (ibid.). Finally, even if the British and Scandinavian delegations did not support the idea of the European demonstration, they did not veto the Mannheim declaration, because the declaration allowed them to organise a European day of action at the local level according to their national laws and practices.

At the Mannheim meeting the European ABB Alstom Power workers’ representatives also agreed to create three working groups: one to negotiate a new EWC agreement that was composed of the EWC-"special negotiation body" (SNB) of various national ABB-Alstom workers’ representatives including the IG Metall official, Thilo Kämmerer, as “EMF coordinator” (EMF 2000); one to create an effective European information exchange network; and one to prepare the European day of action. However, the SNB working group was the only one that was functioning. As a result, the information network project was neglected, whereas the European day of action became an issue at the margins of the SNB meetings and a meeting at the European Parliament in Strasbourg.

3. Politicising the conflict – the European Parliament

As the answer of the President of the European Commission in the summer of 1999 did not satisfy the European Alstom workers’ representatives, the Alstom EWC secretary contacted several French MEPs of the left-wing GUE/NGL parliamentary group, asking them for advice. After having discussed the issue with other Social Democratic and the Green MEPs "they recommended us to write a letter to all groups of the Parliament" (Blanche 2000, interview) emphasising that the EWCs had not been consulted by either the Commission or the management before the ABB Alstom merger decision, although it might lead to 10,000-15,000 dismissals. On 19 January a delegation of 25 ABB Alstom Power works councillors and unionists from six countries had been received in the Parliament in Strasbourg by a delegation of social democratic, green and left-wing MEPs. This meeting was very successful: on 17 February 2000 the European Parliament (2000) adopted a resolution "On restructuring of European industry, with special attention for the closure of Goodyear in Italy and the problems of ABB Alstom".

This European Parliament resolution emphasised that "the Alstom EWC was not informed neither before nor after the merger" and that "the Commission, when authorising the merger between ABB and Alstom, did not evaluate the possible social consequences of this operation, thus not respecting Article 127(2) of the EC Treaty, according to which 'the objective of a high level of employment shall be taken into consideration in the formulation and implementation of Community policies and activities'" (European Parliament 2000). Thereafter, the Parliament suggested to the Commission:

- not to authorise mergers, if the companies concerned do not respect European social legislation, mainly on worker representative information and consultation;
- to undertake without delay an evaluation of the directive on collective dismissal and propose effective sanctions; and,
- to speed up its re-examination of the EWC directive, in order to strengthen the EWC’s information and consultation rights.

This resolution also triggered a general debate about collective dismissals and worker information and consultation in the European Parliament between its "free-market" and its
"social-EU" wing (Raunio 2002: 270). Finally, the social agreements prevailed and Erkki Liikanen, the Commissioner for Enterprise and Information Society, admitted that in the two cases evoked by the Parliament, the companies may have "exploited ambiguities" of the legislation. Therefore, he urged that the following Council presidency, held by France, should give top priority to the drafting of a new directive on worker information and consultation (Agence Europe, No. 7659, 19.02.2000). Likewise, Anna Diamantopoulou, the Commissioner for Employment and Social Affairs, concluded the day before in a meeting with a European Alstom EWC delegation that in her opinion the "European EWC directive has not been recognised" in the ABB Alstom Power case. She promised to write to the French minister of employment on that matter and underlined that she would work on the revision of the EWC directive. Moreover, Anna Diamantopoulou wrote to EC Competition Commissioner Mario Monti urging him not to authorize mergers where companies fail to comply with European social legislation.

These European discussions have also influenced ABB Alstom Power’s company policy, partly because the French press covered the European initiatives of the ABB Alstom Power workers’ representatives and partly because European Commission and Parliament members solicited the ABB Alstom Power management and the French government. Certainly, the ABB Alstom Power management did not refrain from its redundancy plans, but it might have adjusted its strategy in order to make sure that the restructurings would be formally lawful, as will be described in the following section.


226 This meeting was arranged by Stephen Hughes, a British Labour MEP, and the coordinator of the Socialist group on the Committee on Employment and Social Affairs, after he met the ABB Alstom Power workers’ representatives on 18 January 2000 in Strasbourg (Blanche 2000, interview).

4. Negotiating a new European Works Council

Possibly because the ABB Alstom Power management “feared an eventual condemnation by the courts for infringing the European information and consultation rights for workers’ representatives similar to the Renault Vilvoorde case” (Blanche 2000, interview), it pushed for a rapid negotiation of a new ABB Alstom Power EWC after the management of the two mother companies excluded the ABB Alstom Power members from their EWCs. In turn, the European workers’ representatives agreed at the Mannheim meeting that such a new agreement must strengthen the EWC’s consultation rights. Since ABB Alstom Power had its new headquarters in Brussels, a Special Negotiation Body (SNB) was set up according to the Belgium transposition of the EWC directive. This led to a composition of a Special Negotiating Group (SNG) that favoured the workers’ representatives of the small countries.

The management also tried to influence the personal composition of the SNG, for instance, by rejecting the former Alstom EWC secretary and CGT delegate, Francine Blanche. This attempt was, however, not successful, as a CFDT delegate, Michel Costi, declined the projected second CFDT seat in the SNB. Finally, Francine Blanche (CGT) and Jean-Marie Heller (CFDT) represented the French unions at the SNB meeting of 29 February 2000 in Brussels. On the contrary, the German ABB Alstom Power management asked IG Metall which of its officials would accompany the EWC negotiations. This finally lead to the nomination of Thilo Kämmerer, an IG Metall official who was in charge of the German ABB Alstom Power-Group Works Council, as "EMF-coordinator" for the EWC negotiations. Kämmerer became the only full-time union official to participate at the SNB negotiations.

At this meeting the ABB Alstom Power CEO, Claude Darmon, asked the workers’ representatives whether they would agree to consider the SNB as a provisory European workers’ representation. Most workers’ representatives reacted positively. Many EWCs believed that this step of the management would be a good sign for future labour-management relations. However, these hopes were rapidly dashed as immediately after the workers’ representatives’ positive reaction, PDG Claude Darmon presented a "just and well-balanced" restructuring plan, which included the closure of some ABB Alstom Power factories as well as a reduction of the ABB Alstom Power workforce worldwide by 19 percent (cf. table 7).
Table 7: Announced Job Cuts ABB Alstom Power (29 February 2000)

<table>
<thead>
<tr>
<th>Country</th>
<th>Announced job cuts</th>
<th>in % of the workforce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>- 227</td>
<td>- 47 %</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>- 237</td>
<td>- 14 %</td>
</tr>
<tr>
<td>France</td>
<td>- 1,500</td>
<td>- 19 %</td>
</tr>
<tr>
<td>Germany</td>
<td>- 1,361</td>
<td>- 23 %</td>
</tr>
<tr>
<td>Italy</td>
<td>- 230</td>
<td>- 24 %</td>
</tr>
<tr>
<td>Norway</td>
<td>- 104</td>
<td>- 32 %</td>
</tr>
<tr>
<td>Poland</td>
<td>- 385</td>
<td>- 14 %</td>
</tr>
<tr>
<td>Portugal</td>
<td>- 84</td>
<td>- 24 %</td>
</tr>
<tr>
<td>Spain</td>
<td>- 20</td>
<td>- 3 %</td>
</tr>
<tr>
<td>Sweden</td>
<td>- 479</td>
<td>- 15 %</td>
</tr>
<tr>
<td>Switzerland</td>
<td>- 219</td>
<td>- 6 %</td>
</tr>
<tr>
<td>UK</td>
<td>- 549</td>
<td>- 9 %</td>
</tr>
<tr>
<td><strong>Total Europe</strong></td>
<td><strong>- 5,431</strong></td>
<td><strong>- 16 %</strong></td>
</tr>
<tr>
<td>China</td>
<td>- 650</td>
<td>- 51 %</td>
</tr>
<tr>
<td>India</td>
<td>- 1,655</td>
<td>- 36 %</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>- 2,264</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>- 10,000</strong></td>
<td><strong>- 19 %</strong></td>
</tr>
</tbody>
</table>

Source: 228

Most workers’ representatives were shocked by this declaration. They did not expect such a message, as they had been treated cordially by the management, e.g. good hotels, excellent meals, personal presence of the CEO (Blanche 2000, interview). Yet, Claude Darmon had already declared at the presentation of ABB Alstom Power's annual results at the beginning of February 2000 that he was not satisfied with the company's profits of only Euro 26 million: "L’objective de marge opérationnelle de 3-4% pour le premier exercice en année pleine a déjà été annoncé, l’objective à plus long terme étant de 7 à 8 %. Pour attendre cet objective (…) un programme mondial de restructuration a été lancé. (…) L’objective est de réduire les coûts de 30% en trois ans" (Le Pays, 05.05.2000 : 21).

228 Claude Darmon, Präsident und CEO: Bericht an das Besondere Verhandlungsgremium (Europäischer Betriebsrat), Brüssel, 29. Februar 2000.
5. Political reactions to the collective dismissal plan

The announcement of the huge collective dismissal plan provoked not only an immediate reaction of the trade unions, but also the protests of the mayors and MPs from those locations where the ABB Alstom Power was based, especially in France. Despite their different political backgrounds, the mayors of the three major French ABB Alstom sites, i.e. Jackie Drouet (Left-wing Republican, Belfort), Gilles Poux (French Communist Party, La Courneuve) and Daniel Chabasse (Conservative, Lys-Les-Lannoy) on 7 March 2000 attended a round table discussion in Belfort with the ABB Alstom trade unionist and the local Members of Parliament. At this occasion, the mayor of Belfort, Jackie Drouet, emphasised the importance of a political mobilisation, because "Alstom est devenu un groupe important grâce à la commande publique". On the following day, the ABB Alstom case also became up for mention in the French Parliament. The two MPs from Belfort, Gilberte Marin-Moskovitz and Raymond Forni, urged the government to denounce the ABB Alstom restructuring plan and to defend the French employment, research and production capacities by using the state's bargaining power as a major ABB Alstom client. Moreover, the pro-European parliamentarian Raymond Forni was also very much concerned about the negative impact of the Commission’s ABB Alstom merger decision on the popular legitimacy of the whole EU integration process. Therefore, he urged the government to reinforce its activities in favour of a social Europe. In contrast, Gilberte Marin-Moskovitz made only a sarcastic comment.

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229 Douret is leading figure of the anti-EU Mouvement des Citoyens (MDC), which is a small but influential political party that split off from the French Socialist Party given its fundamental opposition against the EU integration process. Douret substituted the MDC-president and major French Anti-Maastricht campaigner, Jean-Pierre Chevènement, as mayor of Belfort, after Chevènement became interior minister in the Jospin government.

230 Cf. Vivre le Territoire. Le magazine du Conseil général du Territoire de Belfort, mai/juin 2000, no. 43, p. IX.

231 G. Marin-Moskovitz is another figure of the Mouvement des Citoyens (MDC). She substituted Jean-Pierre Chevènement as a deputy after he became interior minister in the Jospin government.

232 He is a socialist MP who eventually became President of the French Assemblée Nationale during the last phase of the Jospin government.

233 "C'est aussi la façon dont la construction européenne se réalise aujourd'hui qui peut être contestée. En effet, lors de l'examen de la fusion entre la société Alstom et la société ABB, groupe helvético-suédois, seuls les critères de concurrence semblent avoir été pris en compte par la Commission et le Conseil européen pour autoriser l'opération. Des déclarations récentes de Mme la commissaire européenne aux affaires sociales, il apparaît aujourd'hui que le gouvernement français a été saisi. En effet, au moment de la fusion avec ABB, la
about the "Europe of the Citizens", which is not surprising given her party’s fundamental rejection of the EU integration process. Incidentally, the pro- versus anti-EU question became the major cleavage in the 2002 legislative elections in Belfort. The fear that the Commission’s competition policy could reinforce anti-European sentiments and political movements might explain the remarkably critical speech of the Christian Democratic President of the European Parliament, Nicole Fontaine, at the European Council meeting in Lisbon in March 2000. She urged the European heads of states and governments and the President of the Commission to reform fundamentally the EC merger control policy, in order to guarantee the Union’s social cohesion.

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236 "Given the public outrage to which such issues can give rise in Europe, Parliament is asking you to take the necessary measures to introduce balanced rules on company mergers within the European Union. The way in which some mergers have taken place since the establishment of the single market — sometimes as an adverse side effect of that development — is turning a lot of people against the whole process of European integration. Of course, Parliament is aware of the overall advantage of encouraging healthy competition beyond national borders. However, on this very sensitive issue of mergers, we are asking you, first of all, to impose a ban on any mergers that do not comply with binding European legislation on prior notification and
The ABB Alstom workers’ representatives managed to put the social dimensions of company mergers on the EU’s political agenda already before they actually demonstrated in Brussels. This early politicisation of the ABB Alstom Power merger case succeeded above all, because the workers’ representatives adopted a multi-level politicisation strategy that included the EU-level and the national level, especially in France. Incidentally, the German ABB Alstom workers’ representatives also tried to mobilise local and national politicians. However, their attempts were much less successful, given the different political cultures of the two countries, according to a senior member of the German ABB Alstom Konzernbetriebsrat.237

consultation of workers and secondly, to ensure that, before such mergers can take place, a serious assessment of their social impact is carried out so that the necessary accompanying social measures can be taken in time and, in particular, with the companies concerned. Unregulated mergers, based merely on dominant capitalist concerns, have a devastating effect on the Union's social cohesion. That face of the European Union is unacceptable to men and women who wake up one morning to discover that the company they work for has changed hands and that they are at the mercy of their employer's economic strategy options. The effect on the lives of those people, their families and their entire region is traumatic and, let’s face it, inhuman.” Speech by the President of the European Parliament, Mrs Nicole Fontaine, to the European Council meeting on employment, economic reform and social cohesion, Lisbon, 23 March 2000, http://www.europarl.eu.int/summits/lis-pres_en.htm.

6. The Brussels demonstration

As the Mannheim seminar "European action day working group" never met, the European day of action was discussed and organised in an informal way during the meeting at the European Parliament in Strasbourg and in the context of the SNB meeting in Brussels. As Darmon’s announcement of the collective dismissal plan reinforced the motivation of the ABB Alstom Power workers’ representatives to organise a European action day, an action day coordination group was set up after the SNB meeting in Brussels. A German IG Metall, a Belgian C.S.C. Métal, an EMF official as well as Alstom’s former EWC secretary and CGT delegate, Francine Blanche, were members of the group. On 13 March 2001, this coordination group met in the Brussels office of the EMF and determined the date for the European action day. On 17 March 2000, the EMF informed its member organisations about the plans of some national trade unions to organise a European action day against the announced collective dismissal plans of ABB Alstom Power. Incidentally, the letter of the EMF secretariat was written in a very cautious way. The EMF general secretary only committed himself to organise a press conference in Brussels and to write to the PDG of ABB Alstom Power urging him to receive a European workers’ delegation after the planned demonstration in Brussels. He explicitly stated that the European ABB Alstom Power demonstration would be organised by several national trade unions. Nevertheless, the EMF would politically (but not financially or personally) support the action day, provided that its members would not contest this decision before 24 March 2000. This signified that it only became clear 17 days before the planned demonstration, whether the EMF would eventually support the European demonstration.

Several IG Metall officials and works councillors, who were used to a meticulous preparation of collective action, doubted that it would be possible to organise a European demonstration at such short notice (Kämmerer 2000, interview; Blanche 2000, interview). In fact, on 23 March 2000, the German ABB Alstom Power Group Works Council had to learn that the information of the EMF about the planned joint action has not reached everybody and that the Italian workers’ representatives received incorrect information about the day of action from their human resources department. Therefore, the assistant of the German ABB Alstom Power Group Works Council re-translated the EMF letter cited above into English and sent it via e-

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mail to local ABB Alstom Power's works councillors throughout Europe. Incidentally, this re-
translation much more clearly emphasised the EMF’s support for the demonstration, than the
original letter.239

Eventually, the EMF’s position concerning the demonstration also changed, as no EMF
affiliate expressed any objections. On 24 March 2000, the national IG Metall executive in
charge of enterprise-level politics (Betriebspolitik), Karin Benz-Overhage explicitly supported
the ABB Alstom Power demonstration in Brussels and urged the local IG Metall officials to
assist actively the local ABB Alstom Power workers’ representatives in organising it.240
Meanwhile, also the German241 and French242 shop-floor level workers’ representatives
actively mobilised their rank-and-file for the Brussels demonstration and it became clear that
the demonstration would not be a failure. Eventually, the French trade unions predicted 1,000,
the German 300, and the Belgian 350 participants and the ABB Alstom Power management
agreed to meet an EMF delegation after the demonstration.

Correspondingly, on 5 April 2000, the general secretary of the EMF, Reinhard Kuhlmann,
cited the planned ABB Alstom Power demonstration as a positive example for the
Europeanisation of the trade union work in his speech at the congrès fédérale of CGT’s
Fédération des travailleurs de la métallurgie in Potiers, (participative observation by the
author). The demonstration of "some trade unions" became the first official EMF
demonstration in Brussels. Finally, on 7 April 2000 the general secretary of the ETUC, Emilio
Gabaglio, personally contacted the ABB Alstom company-level CGT delegate, Francine
Blanche, and asked her whether he could address the ABB Alstom demonstration. Despite its
rather symbolic character, the support of the demonstration by the ETUC and the EMF was

239 Ramona Winkler, ABB Alstom Konzernbetriebsrat, E-mail pour: Benny Aamand and 24 other workers’

240 Karin Benz-Overhage, IG Metall Vorstand: Brief an die [IG Metal] Verwaltungsstellen mit ABB Alstom
März 2000.


242 Cf. CGT/CFDT/FO/CFTC/SUD, Le 10 avril. Nouvelle étape dans la lutte. Manifestations à Bruxelles, Belfort
important. It provided the ABB Alstom Power demonstration with a European legitimacy that facilitated the collaboration among unions with different national and ideological roots.

Nevertheless, several organisational problems, such as the authorisation of the demonstration by the police, the actual route as well as the meeting place for the arriving buses, had been solved only at the last minute. The fax of the EMF with the relevant information (meeting places, demonstration path, etc.) did not arrive until the morning of Friday, 7 April 2000 in the headquarters of its affiliated unions. This was obviously too late for the information to reach, for instance, all local works councillors and union officials of the various German ABB Alstom Power sites. Nevertheless, only the Dortmund and the Nürnberg delegations cancelled their participation at the demonstration, whereas the buses from Butzbach, Neumark and Mannheim started their travel to Brussels despite the lack of clear practical indications (Kämmerer 2000, interview). Many unionists wrongly assumed that the EMF would take care of these practical questions. This misunderstanding had been discovered only some days before the actual demonstration, although it was still early enough for the local Belgium unions to get a last-minute authorisation for the demonstration by the police.

On 10 April 2000 almost 2000 ABB Alstom Power workers participated in the European demonstration, most of them from France, Germany, Belgium and Italy, but also from Portugal and Switzerland (participant observation by the author). The demonstration was a success for the participants, the union delegates and the ETUC (Gabaglio 2001, interview) and the EMF (Kuhlmann 2000, interview). With this demonstration workers from different production sites and countries emphasised that they have not only common problems, but also common goals. The speeches and banners of the ABB Alstom Power workers’ representatives and European unionists underlined the importance of this transnational mobilisation and called for a continuation of the movement as the company’s order books and results showed "absolutely no justification for its restructuring plan", a revision of the EWC and the adoption of the information and consultation directive (participative observation by the author).

The remarkable differences in the mobilisation capacity of the various national unions not only reflect different national repertoires of collective action, but also different “political opportunity structures” (Tarrow 1994), or in other words, external resources that even weak
unions could mobilise. Indeed, if one compares only the internal resources,\textsuperscript{243} one would not have expected that the rather weak French metalworkers’ federations\textsuperscript{244} were capable of mobilising twice as many demonstrators as the well-organised IG Metall. However, if one considers also their external sources, this result is less surprising. Whereas the German IG Metall mobilised no external resources, the French unions convinced the mayors of Belfort, La Courneuve and Lys-Les-Lannoy to cover the travel costs to Brussels for the ABB Alstom Power workers of their cities.\textsuperscript{245} This displays not only a greater political support (including from the central government) for the ABB Alstom Power workers in France, but also much greater sensitivity of the French media towards these issues.\textsuperscript{246}

Notwithstanding the fact that the management refused to start negotiations about the restructuring plan at the European level, the demonstration was perceived as a success by the participating trade unionists. “La manifestation réussie de Bruxelles montre que le syndicalisme européen se construit” (Heller 2000). Likewise, the IG Metall official Thilo Kämmerer emphasised that many German unionists were happy that a common European demonstration had been possible, which was not the case at the times of the ASEA/BBC merger. This had increased considerably the self-confidence of many local ABB Alstom Power workers’ representatives. It might also explain why the pictures of the Brussels demonstration continue to be present on almost every local works council notice board in Germany (Kämmerer 2001, interview).

\textsuperscript{243} I.e. the number of union members, number of involved full-time union officials and works councillors, the financial resources of the unions, etc.

\textsuperscript{244} Even if only the CGT and CFDT metalworkers’ federations officially supported the demonstration, many FO unionists joined it without their FO banners. This reluctance of FO is rooted in a significant EU-sceptical and anti-political attitude. Nevertheless, one year later FO officially also supported a European trade union demonstration, namely, the 17 May 2001 rally against the closure of the continental Marks and Spencer shops (Force Ouvrière Hebdo, n° 2524, 30 Mai 2001, 7-10). However, the latter demonstration took place in London and not in the EU-capital Brussels.

\textsuperscript{245} The ABB Alstom workers’ representatives successfully reminded the mayors that their supportive words during the above mentioned round table discussion, words should be followed by concrete action (Blanche 2000, interview).

\textsuperscript{246} Whereas the French national (e.g. Le Monde, Liberation, Figaro, L’Humanité) and regional press fully covered the European demonstration, the coverage in other countries was limited to the left-wing or the interested regional press with the exception of the Belgian Le Soir.
7. The beginning of the end?

The Brussels demonstration was perceived as an encouraging achievement, by the enterprise-level protesters, the ETUC and the EMF as well as the (French) press. However, nobody took the initiative to organise an immediate follow-up at the European level. In order to explain the temporary halt of European trade union action in the ABB Alstom case, the following section examines the post-demonstration performance of key union and EWC actors at the different levels, European, national and local.

At the European level, the European Metalworkers’ Federation failed to provide a follow-up after the Brussels demonstration, despite the personal engagement of its general secretary, Reinhard Kuhlmann, as the leader of the European union delegation that met the ABB Alstom Power-management representatives on 10 April 2000. Certainly, after this meeting the general secretary of the EMF wrote a letter to ABB Alstom Power’s CEO, Claude Darmon, in which he requested European negotiations over the ABB Alstom Power-restructuring plans, but as the 10 May deadline set by the EMF-letter expired without effect, no other EMF action followed. Conversely, the continuing professional support of EWCs can hardly be a task of the EMF secretariat, given its very limited resources. This does not preclude sporadic interventions of the EMF general secretary, in particular in highly visible cases such as the meeting with the ABB Alstom Power-management after the Brussels ABB Alstom Power-demonstration. Nevertheless, European trade union action depends above all on the activities of national union and European and national works council representatives.

However, the most important locus of European trade-union coordination in the ABB Alstom Power case, i.e. the European Works Council Special Negotiation Body, ceased to exist due to

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247 The first draft of this letter was actually written by Francine Blanche. Reinhard Kuhlmann, however, introduced the 10 May 2000 deadline.

248 As IG Metall president, Klaus Zwickel, has accurately stated, the activities of the EMF are apparently "basically verbal". According to Zwickel this "has to do with the problem that on the political scale it is not clear what has to be done where" (Jutterström 2001).

249 It consists of only two elected trade union officials (the general secretary and his deputy), several scientific advisers and secretaries as well as some posted union officials from national member organisations. Hence, the European Metalworkers Federation staff is smaller than the local IG Metall office in Mannheim, despite its vast European-wide tasks.
the acquisition of ABB’s ABB Alstom Power share by Alstom on 31 March 2000. Hence, ABB Alstom Power became a 100 per cent daughter company of Alstom, called Alstom Power. This meant that Alstom Power was no longer obliged to have its own EWC. Correspondingly, the management refused not only to discuss its restructuring plan at the EU-level, but also abandoned the negotiations about the constitution of a new (ABB) Alstom Power EWC. More than one year later, the workers’ representatives of ABB Alstom Power were eventually included into the Alstom EWC, at the occasion of its ordinary annual meeting of 5/6 March 2001 in London.

Nevertheless, the loss of a specific and frequently meeting forum of Alstom Power’s sector effectively troubled the transnational trade-union cooperation and prevented a European coordination of the various national social plan negotiations. This absence of European coordination also facilitated the raise of mutual suspicions that the workers’ representatives of one production site (e.g. Belfort and Mannheim) might seek competitive advantages to the disadvantage of another (Alles 2000, interview; Eschmann 2000, interview and 2001, interview; Heller 2000; interview). However, the decline of the transnational union coordination during the implementation phase of the announced company restructurings did not result from the adoption of a national competitive strategy by organised labour. The management implemented its restructuring plan according to national laws and practices. Accordingly, organised labour concentrated its subsequent activities on the national and local level. Subsequently the workers’ representatives who originally initiated the European demonstration were completely absorbed in national and local social plan negotiations and engrossed in the war of attrition that frequently characterises the French industrial relation system in the case of collective dismissals. Hence, the retreat of the European ABB Alstom workers’ representatives back to the local (and national) level, reflected foremost divergent

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250 It seems, however, that the Alstom adopted an extremely adversarial approach, even if compared to most other French companies. While the management tried to dismiss a leading FO unionist at the La Courneuve plant (though without success), it reclaimed the office that the management initially accorded to the CGT EWC secretary (Blanche 2001, interview). In 2003, a court even obliged Alstom to pay almost 100,000 Euro to eight FO and CGT unionists, as a compensation for “anti-union discrimination” (Balthazard 2003). In turn, Alstom also rewarded unionists, such as the CFDT EWC delegate, Heller, who became director of its Belfort health and safety unit. But this promotion also reduced the time that he could devote to his EWC work (Heller 2000, interview).
national laws and local practices and the decentralised implementation of ABB Alstom’s restructuring plan, rather than nationalistic attitudes of the involved workers’ representatives.

In France, the trade-union coordination virtually ceased to function even at the national level, as the workers’ representatives in the different French production sites were not able to agree on a joint strategy. Although initially all French workers’ representatives from all unions and production sites continued to work together,\textsuperscript{251} this cooperation came to an end in December 2000. Whereas one of the two French EWC representatives, Jean-Marie Heller, and the Belfort CFDT sections finally accepted the “inevitability” of a company restructuring and stopped blocking the respective social plan consultations,\textsuperscript{252} the CGT, FO, the Parisian CFDT sections and the other French EWC representative, Francine Blanche, continued to contest the restructuring plan by means of industrial, political and legal actions.\textsuperscript{253} This conflict reflects

\begin{itemize}
  \item Several hundreds of Alstom Power workers joined a common demonstration against the company’s restructuring plans on 24 May 2000 in Paris and, thereafter, a joint trade union delegation met the French Prime minister. Cf. "Et aussi", \textit{L’Humanité}, 24.05.2000, \url{www.humanité.presse.fr}.
  \item Cf. the statement of the Belfort EWC delegate, Jean-Marie Heller, in the CFDT press: "Depuis un an, nous nous battons contre les suppressions de postes et pour l’activité industrielle, mais maintenant les gars veulent être fixes pour l’avenir, et éventuellement préparer leur reconversion. […] Nous voulons que les salariés qui partent aient un avenir véritable professionnel, et pour cela il faut négocier de vraies cellules de reclassement" (Peillon 2000). Heller’s statement is not only "une allusion directe aux autres organisations qui ont préféré attaquer le plan social en justice, retardant d’autant l’issue de ’cette sale histoire’” (ibid.), but also an indirect allusion to the CFDT sections of the other French Alstom sites that supported the more confrontational strategy of the other unions. Eventually, Alstom agreed to propose new jobs in other enterprises of the region for its dismissed workers, according to the so-called ‘reclassement’ procedure. However, the wage level of new jobs differed between 75 and 80 per cent of the previous income reflecting different local management-labour negotiation results (Heller 2000, interview).
  \item A French employer is not obliged to \textit{negotiate} a social plan with its workers’ representatives. Nevertheless, the management can only proceed to collective dismissals if it has informed beforehand and consulted its workers’ representatives. However, on 27 April and 12 May 2000 hundreds of French (ABB) Alstom workers successfully prevented the management from starting the information and consultation procedure, by occupying the offices of (ABB) Alstom Turbomachine’s\textit{ Comité centrale d’entreprise} (\textit{Vivre le Territoire. Le magazine du Conseil général du Territoire de Belfort}, mai/juin 2000, no. 43, XL). By doing this, the workers wanted to delay the collective dismissals. Furthermore, the ABB Alstom workers of the La Courneuve plant continued to challenge the economic justification and the “plan antisocial” by the means of industrial and legal action. Cf. \textit{Les organisations syndicales CGT – CFDT – FO des sites Alstom Régions parisiennes, Nous avons marqué des points, nous en marquerons d’autres!} La Courneuve, 15 novembre 2000. Even so, the CGT not only contested the management, but also developed ideas for an alternative business plan regarding
\end{itemize}
the independence of local union representatives, due to the absence of strong national union organisations, and the French union pluralism, which implies an ongoing electoral competition between the unions. The personal relationship between the two French EWC members and Alstom union leaders, Heller and Blanche, worsened (Costi 2000, interview).

Evidently, the decline of national union cooperation in France also affected negatively the European trade-union cooperation, although the German ABB Alstom Power unionists and works councillors remained neutral as regards these French conflicts (Eschmann 2001, interview; Kämmerer 2001, interview). However, the Germans also remained passive and did not try to conciliate the two conflicting French union wings.

In Germany, all local ABB Alstom works councils with one exception (i.e. Nürnberg), delegated the social plan negotiations to the national ABB Alstom Power Konzernbetriebsrat. This coordinated approach prevented the closure of all endangered production sites. Conversely, management also benefited from this central negotiation, although it was not able to realise the desired factory closures and job cuts, as it led to a conflict settlement in a comparably short period. This settlement not only reflects cooperation between the enterprise-

the threatened Lys-Les-Lannoy plant, which it used in its discussions with the public authorities. Secrétariat du CCE AAP Combustion: Note de synthèse sur la situation et les perspectives d'AAP Combustion (ex-Stein industrie) et en particulier de son usine de Lys-Les-Lannoy, Vélizy/Lys, 4 April 2000.

254 In France, national union officials have almost no role in company-level trade-union politics, while there is in almost all German Konzernbetriebsräte a full-time trade union official who not only acts as an expert but also tries to moderate and integrate the different local opinions and interests. The French works council experts who come from consultancy firms can hardly assume such a political role, even though the consultancies are often trade-union related.

255 Whereas the CFDT held a clear majority of (work council) election votes in the Belfort plants, the CGT is the biggest trade union in most other plants.

256 In an even more delicate political situation, the German EWC president of the Swiss insurance company, Basler Versicherungen, successfully defused a conflict between radical Basque and nationalist Spanish workers’ representatives (Lecher et al. 2001: 81f).

257 By contrast, the local Nürnberg workers’ representatives did not prevent the plant closure and negotiated instead a social plan in order to get higher severance payments. Eventually, however, even the dismissed workers in the other German plants benefited from the same severance payments (Kämmerer 2001, interview; Alstom Konzernbetriebsrats-INFO, 29. September 2000; Betriebsvereinbarung zwischen der Alstom Power, Deutschland und dem Konzernbetriebsrat, dieser zugleich handelnd in Vollmacht der Betriebsräte der Betriebe der Gesellschaften in Ziffer 1, Mannheim, 29. September 2000.)
level workers’ representatives within the Group Works Council. It is also a result of the direct support of the Group Works Council through the external IG Metall official, who directly participated in the national social plan negotiations. Although the respective IG Metall official, Thilo Kämmerer, was rather a moderator between the divergent local interests and an expert providing practical assistance than a political leader, he favoured the nation-wide coordination among the various local production sites. However, this model implies that the local representatives recognised IG Metall as their common union organisation.

Initially, Thilo Kämmerer played a similar coordination role at the European level, as "EMF coordinator" during the EWC negotiations with the ABB Alstom Power-management. However, after ABB Alstom Power’s re-integration within Alstom and the subsequent end of the respective EWC negotiations, he resigned from his EMF function. The EMF (2000) decided that an EMF coordinator should usually come from the largest union of the company’s country of origin. Therefore, the EMF appointed on October 2001 the French CGT Alstom delegate, Francine Blanche, as a new Alstom "EMF coordinator" (Blanche 2001, interview; Triangle 2001, interview). Eventually, even the CFDT officially supported this nomination, while the IG Metall suggested that Blanche should be assisted by the director of the Saarbrücken-based consultancy firm, INFO Institut, Heinz Bierbaum,258 given the tensions between the French unions (Kämmerer 2001, interview). The appointment, however, came too late to have any influence on the national post-merger social plan negotiations.

Nevertheless, the union resistance against the restructuring plan was fairly effective. By April 2001 only 2,960 out of the announced 5,400 job cuts had taken place in Europe (Salson 2001). In particular, in Germany and France the trade unions succeeded in reducing or postponing job cuts and preventing the closure of threatened production sites, such as Lys-Les-Lannoy (France), Butzbach (Kern and Schumann 1984) and Neumark (East Germany). This relative achievement owed much to a combination of trade union mobilisation and an elaboration of alternative business plans together with trade union friendly consultancy firms (Altmeyer 2001; Blanche 2001, interview; Kämmerer 2001, interview). Regardless of its comparable results, the French and the German restructuring processes were quite different, since the German labour law assigns valuable co-determination rights to the works councils in the case of collective dismissals. Whereas the German Group Works Council had agreed in

258 It is noteworthy that Bierbaum is a former IG Metall official.
September 2000 on a substantial national "reconciliation of interest" agreement with the management, the French trade unions had to use any legal, political and economic possibility (including strikes) at the local level to prevent a unilateral implementation of the restructuring plan. Until September 2001 the French unions were quite effective, as only 234 job cuts in out of the 1,000 announced occurred. In the UK, however, where almost no information and consultation rights of the workforce exist and where the union resistance was weaker, the number of jobs shed was three times greater than the 500 originally planned (Salson 2001; Blanche 2001, interview).

The European ABB Alstom Power demonstration did not prevent the restructuring plan and the management refused to negotiate about it at the European-level. In turn, any European coordination of the national and local union activities was virtually missing, during the implementation phase of the company restructurings at the national and local levels. Nevertheless, the European ABB Alstom Power demonstration was a great success in the eyes of all interviewed ABB Alstom Power unionists. Although none of the unionists interviewed believed that the demonstration would directly affect the management, they conceived it as an effective manifestation of their discontent and indignation. Moreover, the protest aimed to stigmatise the Alstom management in the public opinion und called for political initiatives against the uncontrolled power of multinationals as well as in favour of a social Europe.

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259 “La manifestation réussie de Brussel montre que le syndicalisme européen se construit” (Heller 2000). The general secretaries of the ETUC and the EMF, Emilio Gabaglio (2001, interview) and Reinhard Kuhlmann (2000, interview), shared this positive assessment, too.

260 Cf. the statement of Monique Besançon, an ordinary Alstom Power employee from Belfort: "Bruxelles, il faut y aller. Même si cela ne change rien, il faut montrer qu’on est là.” Cit. in: Vivre le Territoire. Le magazine du Conseil général du Territoire de Belfort, mai juin 2000, no. 43, p. IX.

8. A new beginning!

The Brussels demonstration also increased the self-confidence of the participating unionists in view of the rather successful mobilisations and social plan negotiations in France and Germany.\(^{262}\) Hence, it is not very surprising that the Alstom EWC organised on 2 June 2003 another European demonstration in Paris, to protest against a new restructuring plan, which involved the dismissal of more than 5,000 workers (Sauviat 2003).

The Paris demonstration of June 2003 was even more European than the previous Brussels demonstration in April 2000. In fact, the Alstom EWC mobilised 2,200 Alstom workers from 17 different countries and 25 unions.\(^{263}\) Therefore, the CGT official, Francine Blanche\(^{264}\) and the IG Metall unionist and new EWC secretary, Albrecht Kotitschke concluded that the Paris demonstration was an unqualified success. Kotitschke even observed for the “first time” a high degree of cross-border solidarity (Bateman 2003; Kotitschke 2003). This extraordinary revival of transnational cooperation is also a result of a one-week seminar of the Alstom EWC held in Barcelona in autumn 2002, which was hosted by the Spanish unions and prepared by the Alstom EWC experts from the French Alpha Consulting and the German Info Institut. At this occasion, the Alstom unionists and works councillors eventually found a stress-free space to discuss and overcome the unspoken tensions between the different Alstom unions, which became apparent during the implementation of the 2000/2001 company restructurings at the national and local level (Pichot 2003, interview).

The impact of these demonstrations and the politicisation of the Alstom case should not be underestimated. In retrospect, it might have had a much more significant effect than the workers’ representatives initially expected themselves. In fact, Alstom would hardly have


\(^{263}\) I.e. Belgium, the Czech Republic, Denmark, England, France, Germany, Greece, Italy, the Netherlands, Poland, Portugal, Romania, Spain, Sweden, Switzerland and Turkey (Braud 2003b and 2003c; Bateman 2003; Gow 2003; Kotitschke 2003).

\(^{264}\) Remarkably, in March 2003, the 47th Congress of the CGT rewarded the extraordinary engagement of Blanche and elected the former Alstom EWC secretary as a member of its national executive. However, for Blanche the Alstom EWC meetings would still be more impressive than the meetings of the CGT executive. “Trois nouveaux visages au bureau confédéral”, Le monde, 23 mars 2003.
survived its heavy debt crisis in 2003, if its workers’ representatives had failed to politicise the case.

How was it possible that Alstom, which predicted in 2000 a return of investment of 7-8 per cent, posted in March 2003 an annual loss of €1.3bn and accumulated a debt of €4.9bn? This question definitely goes beyond the scope of this thesis. Nevertheless, it seems that Alstom was not only a victim of bad luck and the grave misperceptions of its management, but also a deliberate strategy of its original mother companies, Alcatel and Marconi (GEC). According to le Figaro the problems began in 1998 when the two companies brought Alstom to the Paris stock exchange. Therefore, Alstom paid extremely high dividends of €1.2bn, which inflated the value of its shares, but effectively reduced its reserves (A.Se. 2003). Furthermore, Alcatel and Marconi sold all their Alstom shares in June 2001 before the debt crisis became public and so before the shares lost 95 per cent of their value. In turn, in March 2003 Alstom has been accused of fraudulent accounting and its PDG Bilger had to step down (Braud 2003b and 2003c).

In August 2003 the Gaullist French government agreed to acquire half of a planned Euro 600m capital increase, as the banks had been reluctant to assist Alstom. This decision represented a victory of the “neo-mercantilist” (Van Apeldoorn 2000) finance minister and former steal industrialist, Francis Mer, and the Minister for industry, Nicole Fontaine, over the neo-liberal factions in the cabinet. Since French law would not provide protection for creditors in the way the corresponding “Chapter 11” US rules do, Francis Mer saw no other option but to (partially) re-nationalise Alstom, even if right-wing governments are usually inclined to privatise (Graham and Arnold 2003).

However, on 18 September 2003, the Commission was ready to force Alstom into bankruptcy to preserve the credibility of its competition policy. It banned the Alstom rescue plan, which

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265 Cf. the bankruptcy of its client Renaissance Cruise in September 2001 that cost Alstom 684m Euro.

266 Cf. the acquisition of ABB’s share of the ABB Alstom Power for €1bn, though its new high-power GT24/26 gas turbines were already said to be faulty. Consecutively, Alstom had to write-off €4bn in repairs and compensations. Tim Webb: “Alstom chief admits past mistakes but looks to future”, The Business, 9/10 November 2003, 7.

267 It is worth noting that Nicole Fontaine actively supported the ABB Alstom unionists during her previous mandate as president of the European Parliament (see above).
included its partial re-nationalisation. This decision outraged not only the Alstom employees, but also the wider public, especially in France, where the many commentators feared a “social and industrial Waterloo” (UG 2003). The decision was also criticised by the German government, although the Munich-based multinational, Siemens, would have largely profited from the bankruptcy of its main competitor. But the direct intervention of the French government in Berlin and the continuous lobbying of German politicians by the local Alstom works councillors paid off. Chancellor Schröder eventually recognized that Alstom also employs 11,000 German workers and joined President Chirac in urging the Commission to review its judgment. On 22 September 2003, the Commission approved a revised 3.3bn Euro rescue package, despite a fierce neo-liberal campaign against any form “rescue” aid (Financial Times 2003b; Financial Times 2003a). However, the EMF did not call for “general” state aid, either. It only emphasised the need of “restructuring aid and short-term credit facilities” to save hard hit companies (EMF 2003). In contrast, the EMF and even the CGT delegate, Francine Blanche, justified the aid to Alstom with a language that was absolutely compatible with the technocratic “competition” concerns of the Commission:

"La Commission européenne, en interdisant la participation de l'État au capital d'Alstom, prend le risque de faire disparaître l'entreprise. Or la Commission prétend agir au nom du respect de la


269 In lobbying local, regional and national politicians of all major political parties, the German Alstom works councillors followed the example of their French colleagues (Eschmann 2000, interview; SPD Mannheim 2003; Jüttner 2003; Stadt Mannheim 2003).

270 It is worth noting that the German government officials initially intended to “snub Paris over the Alstom rescue plan”, as “German companies were also facing difficult market conditions without the prospect of help from the federal government” (Hulverscheidt, Benoit, and Arnold 2003).

271 While the Commission effectively stopped France from buying shares in Alstom, it allowed the French government to subscribe to a 20-year Euro 300m loan, convertible in Alstom shares only after Commission approval. Moreover, the French state will also provide a further Euro 500m in five and 15-year loans, while banks will provide an additional Euro 2,4bn. Hence, the French state was ultimately allowed to inject even more money than originally planned, although in a less secure form from Alstom’s viewpoint, i.e. loans instead of shares (Betts and Dombey 2003).

272 On 19 September 2003, it stated in its leading editorial that Brussels’ credibility would depend on taking a firm stand on Alstom and that the French banking system would be strong enough to withstand Alstom going into bankruptcy (Financial Times 2003b).
This argumentation is surprising if compared to Blanche’s prior refusal to use the competition policy language of the Commission (see above). However, this change represents not only a tactical concession to the dominant EU mode of governance. It also mirrors the increasing recognition of the technocratic market logic by the leading Alstom CGT unionist. Although Blanche regretted that the Commission disapproved of the partial re-nationalisation of Alstom, she also acknowledged that state ownership would not guarantee the management of a company in the general and the workers’ interest. While the financial rescue aid would be indispensable, Blanche was also aware that the Alstom’s survival would eventually depend on its efficient management (ibid.). Therefore, the Alstom EWC commissioned its consultancy firms to work out alternatives to the proposed restructuring plans and Blanche urged the management to accept the participation of the unions as co-managers of the enterprise. This represents, indeed, a remarkable development, if one recalls the historical rejection of any “co-gestion” by the ex-communist CGT (Groux and Mouriaux 1992).

At the time of writing it is not entirely clear to what extent the recent mobilisation of the Alstom EWC will mitigate the impact of the announced restructuring plans. Nevertheless, on 7 October 2003 at the occasion of an extraordinary meeting of its EWC, Alstom’s new PDG, Patrick Kron, confirmed that the restructuring plans, which had been announced in March 2003 would not be ‘engraved in marble’ and that the alternative propositions put forward by the EWC consultancy firms could open up new perspectives:

“This restructuring concerns more than 50,000 employees in Europe, including 1862 in France, 1305 in the United Kingdom, 835 in Germany, 470 in Switzerland, 301 in Poland, 260 in Italy and 100 in Spain. Francine Blanche, the PDG, said that ‘this (was) not engraved in marble’ and that the alternative propositions forwarded by the EWC consultancy firms could open up new perspectives:”

273 "Une procédure d'expertise d'Alstom, diligentée par les syndicats, est en cours au niveau européen et au niveau français. Cette expertise vise à analyser la situation du groupe et à faire émerger des propositions pour changer sa gestion et son organisation. […] Mais ce travail bute sur l'absence de lieu dans l'entreprise où amener ces propositions et les soumettre au débat […] Les salariés doivent pouvoir intervenir dans la gestion des entreprises” (Blanche 2003).
Patrick Kron a également précisé que le rapport des experts avait bien pointé les forces et les faiblesses du groupe’. Albrecht Kotitschke, le secrétaire du Comité de groupe européen, s’est montré plus catégorique, indiquant que Patrick Kron ‘était d’accord avec l’expertise et ouvert à de nouvelles propositions du Comité” (L.B. 2003).

Yet, the first results of the social plan negotiations in Germany suggest that the mixture of European and national political mobilisation and technocratic expertise was quite successful. On the 17 November 2003, the works council in Mannheim announced that only half of the 700 initially announced job cuts would be shed. Moreover, the social plan required that these job reductions would have to result from pre-pension (Altersteilzeit) agreements and it excluded any dismissals (betriebsbedingte Kündigungen) until 30 June 2007. In exchange, the employees had to accept short-time working for a period of two years and a succeeding reduction of working time without a corresponding increase in compensation for the wages.274

The promising involvement of the (technocratic) union-related consultancies by the Alstom EWC required the preceding adoption of a democratic Europeanisation strategy by the EWC. The consultancies accepted the technocratic logic of the market, but they could only operate since the politicisation of the Alstom case created the space within which they could function. The Alstom workers’ representatives also developed an argumentation in favour of rescue aid for Alstom, with was compatible to the technocratic anti-trust discourse of the Commission. However, it is also very likely that these technocratic arguments only prevailed, because of the transnational political collective actions of the Alstom EWC.

D. Conclusion

The ABB Alstom Power case underlines that a European trade unionism is slowly emerging, not only among the committed EWC members, but also at the level of the rank-and-file. The ABB Alstom unionists did not accept the massive collective dismissal plans and thought that their protest should also be headed at the level of the central European headquarters, first in Brussels (2000) and then in Paris (2003). Moreover, they also marched in favour of a more “social Europe” and against the Commission, because they felt that they had no voice in its competition policy. In so doing, the ABB Alstom workers highlighted the need for better European employee information and consultation rights\textsuperscript{275} and for an integration of social and employment concerns in the European competition policy.

Although it is not easy to measure the impact of the European actions of the ABB Alstom workers, it is notable that they reinforced the position of unions in the EC competition policy. As a direct result of the ABB Alstom case, the European Parliament adopted a relevant resolution (2000) and the ETUC drafted its first merger policy manual for EWCs (ETUC 2001b). This represents an improvement if one bears in mind that only two years earlier the German company mergers guidelines for works councillors completely ignored the European dimension (Die Mitbestimmung 1999). The ABB Alstom case also turned the debate about the conflicting relation between the employment and competition law on its head. Whereas in 1999 an ECJ judgment triggered an interesting debate about the extent labour law is sheltered from competition law (Bruun and Hellsten 2001; Vousden 2000), the cited EP resolution on ABB Alstom challenged the sheltered position of competition concerns in the Commission’s merger policy. The European Parliament used Article 127 (2) TEC to criticise the exclusive

\textsuperscript{275} In 2001, the EP again invited an Alstom EWC representative to a hearing, which led to another EP report on the EWC directive that referred once more to the ABB Alstom case (European Parliament 2001: 14).

\textsuperscript{276} Case C-67/96, \textit{Albany International BV v Stichting Bedrijfsfonds Textielindustrie}, ERC 1999, I-5751. In this case, the ECJ held that the collective agreement of the Dutch social partners in the textile industry establishing a sectoral pensions scheme, which was made compulsory for the whole sector by the state authorities, was outside the scope of EU cartel law. However, the ECJ did not completely exclude collective bargaining from the scope of the EU competition policy. Therefore, both Voudsen (2000: 191) and Brun/Hellsten (2001: 80) proposed, despite their different judgment of the Albany case, to include a block exemption for collective bargaining in Article 81 (3) TEC.
focus of the Commission on competition and ETUC recalled the social and employment obligations of the EC Treaty apply to “all Community policies, merger control policy included” (ETUC 2002a: 2).

The legal debate about the relationship between EU social and labour law, on the one hand, and the EU competition law, on the other, is definitely beyond the scope of this thesis. Nevertheless, it is evident that the EU’s social, employment and competition objectives increasingly conflict with each other. This implies that the Commission must find a balance between conflicting objectives in carrying out its competition policy. But the need to reconcile conflicting interests questions the technocratic legitimacy of the Commission’s decision-making, since the reconciliation of conflicting interests requires political and not technocratic choices (Ferron 2002). But precisely for that reason, the DG for Competition still rejects the integration of "additional" concerns in its merger control policy, because that would expose it to serious risks. It would "overload and politicise" the system and "destroy the confidence in the Commission". In contrast, the Commissioner for Employment and Social affairs, Anna Diamantopoulou, declared that the Commission could not remain silent given the massive increase in collective dismissals (Zecchini 2001). On 10 May 2001, she announced a package of initiatives to help companies and workers to adapt successfully to business change. It included a commitment to balance the EC competition policy in order to mitigate the negative social consequences of mergers. The new draft of the Merger Regulation, however, suggests that the free market concerns of the DG competition are still prevailing over the social concerns of the DG Employment.

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277 “The objective of a high level of employment shall be taken into consideration in the formulation and implementation of Community policies and activities.”

278 Concretely, the ETUC proposed to include the following question into the merger notification from: “What are the consequences of the proposed merger for employment? If there are negative consequences for employment what do you intend to do? What is the opinion of the worker representation?” (ETUC 2002:3).

279 “Si l’on veut qu’une discipline communautaire soit acceptée et appliquée par une autorité administrative non-élue, il faut que les critères d’appréciations soient clairs, simples, et non politisés” (Rakovsi 2002: 21).


281 Cf. new draft of the Merger Regulation that the Commission published on 28 January 2003.
In turn, the ABB Alstom case had a much more visible impact in the debate on information and consultation rights of workers’ representatives. It provided European politicians and union officials with concrete arguments in favour of their improvement. On 25 April 2001, Francine Blanche was invited to an official EP hearing on the subject of the considered revision of the EWC directive in Brussels, which once more led to the adoption of a European Parliament (2001) resolution that contains a clear reference to the ABB Alstom case. Moreover, it also contributed to the adoption of the directive "establishing a general framework for informing and consulting employees in the European Community" (Agence Europe, No. 7659, 19.02.2000). For this reason it is true to say that the ABB Alstom Power workers’ contributed to the progress of the EU employment law, in general, and European information and consultation regulations, in particular. This furthered the difficult process of “positive” European integration (Scharpf 1999), which would be an essential element of its further democratisation (Offe 1998).

It is also true to say that the Alstom unionists were essentially interested in the impact their actions had at the company level, although its EWC displayed an exceptional sensibility for the political dimensions of the case. Yet, it has been shown that the European demonstrations led to a reduction of the planned collective dismissals. The management only accepted to consider the alternatives to collective dismissals after collective action created the space in which the trade-union related consultancy firms could operate. The politicisation of the Alstom case also put the company management under public pressure. Finally, it is also evident that the French government and the European Commission would have hardly agreed to the rescue package that saved Alstom in autumn 2003 from bankruptcy, if the worker’s representatives would have failed to vividly voice their concerns beforehand.

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282 On 11 March 2002, the European Parliament and the Council adopted the directive (2002/14/EC) that establishes a EU-wide mandatory regime for workplace representation. This directive covers all undertakings employing at least 50 employees and establishments employing at least 20 employees by 25 March 2005. However, the member states without an existing national mandatory system of workplace representation, i.e. Ireland and the UK, may limit the application of this directive until 25 March 1997 to undertakings employing at least 150 employees or establishments employing at least 100 employees (Bercusson 2002).
On 11 August 1999, the executives of the Montreal-based *Alcan*, the Paris-based *Pechiney* and the Zurich-based *Algroup* (*Alusuisse Lonza Group*) announced a joint three-way merger project to create the world's largest aluminium company, called APA. The company executives expected that the post-merger cost-saving programme would increase profits by US $ 600 million (Ebner 1999). This programme included a five per cent reduction of the combined 91,000 APA workforce, representing cost savings of US $ 450 million. 75 per cent of the expected post-merger profit increases would result from labour cost reductions. This represents a high share, given that "labour costs would not normally represent more than 7 to 8 per cent of total aluminium production costs" (OECD 1983: 48).

While the ABB Alstom works councillors and unionists tried to politicise the merger and organised a joint European demonstration of their rank-and-file, the European workers' representatives of Alcan, Pechiney and Algroup lobbied the European Commission and aimed to negotiate with the APA executives without any involvement of their rank-and-file.

Immediately after the merger announcement the leaders and union experts of the EWCs of the three companies started to cooperate with each other to avoid the negative social consequences of the merger. They convened a joint “APA working group” within the European Metalworkers’ Federation and aimed for negotiations with the APA executives. They also lobbied the Directorate-General for Competition of the European Commission, which eventually recognised the EMF as a sufficiently interested third party concerning its APA merger anti-trust assessment. In turn, organised labour adapted its language and policy to fit into the technocratic competition policy *référentielle* of the Commission’s merger control procedure.

Finally, the Commission’s demanding anti-trust requests and obligations compelled the three APA corporations to abandon the Alcan-Pechiney leg of the Alcan-Pechiney-Algroup merger (*Agence Europe, Europe Daily Bulletins*, No. 7701, 19.04.2000). This suggests that organised labour successfully adopted a Euro-technocratic strategy in the APA case.

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283 The announced APA merger, however, only concerned the aluminium activities of the three companies. For that reason, Algroup announced the immediate spin-off of its fine chemical and energy company, *Lonza*.

284 The *Wall Street Journal* revealed the APA merger a day before its declaration (Wright 2000: 44).
The German and French APA EWC leaders and union experts were pleased about the failure of the APA merger and evaluated their joint activities positively (Baur 2002, interview; Fesser 2000, interview). But this evaluation conflicts with their initial, negative assessment of the transnational union cooperation before the eventual breakdown of the APA merger project. On 18 February 2000, the Pechiney EWC abandoned the EMF “APA working group”. Its members did not want a supranational instance to negotiate a post-merger social plan anymore, as the working group would not be accountable to national unions or employees (Verdier 2000: 7). This retreat frustrated the German Algroup EWC delegates all the more, because the APA executives agreed to discuss the social consequences of the merger at the EU level. Consequently, whereas the rather elitist and technocratic approach of the EMF “APA working group” proved to be rather effective as regards the lobbying of Directorate-General for Competition of the Commission, the same approach generated huge problems as to the democratic legitimisation of the intended EU-level social plan negotiations with the APA managements. Accordingly, German IG Metall and French CGT officials agreed in 2000 that APA would represent the most problematic case of German-French trade-union cooperation, while the ABB-Alstom-Power merger case would embody the most positive counter example (Baur 2000, interview; Buchholz 2000, interview; Nonat 2000, interview).

First, this chapter analyses the characteristics of the aluminium industry, the corporate history of the three APA multinationals and the logic of their merger project. Then the transnational union activities will be examined in detail, first, within the three companies before and after the announcement of the APA merger project and, secondly, vis-à-vis the European merger-control authority, i.e. the Commission. In particular, the focus will on of the three APA EWCs and the German and French APA unions as well on the perceived successes and limitations of their EU-polity strategy.
A. Towards supranational management structures?

Although aluminium is the most recurrent and widely used nonferrous metal on the planet, it only became a leading manufactured good after the invention of the Héroult-Hall\textsuperscript{285} electrolytic aluminium smelting processes in 1886. Aluminium never exists in nature in the metallic form. It has to be extracted and refined out of its compounds in a two-step process: refining the mineral \textit{bauxite} (polluted \( \text{Al}_2\text{O}_3 \)) to obtain \textit{alumina} (purified \( \text{Al}_2\text{O}_3 \)) and smelting \textit{alumina} to produce \textit{aluminium}.\textsuperscript{286} The whole process is very capital and energy intensive and not easy to master from the technical point of view (OECD 1983). The smelting process also creates undesirable pollution. Its (unfiltered) emissions frequently caused fluorosis among the workers and the neighbouring flora and fauna.\textsuperscript{287} Nevertheless, the Héroult-Hall process laid the foundations for the contemporary aluminium industry and shaped many of its particular characteristics (Morel 1992), namely,

1. the heavy dependency of aluminium demand on the economic cycle and the concentration, if not oligopolisation, of the aluminium product market;
2. the global and ethnocentric scope of the leading aluminium corporations;
3. the vertical integration of the whole production chain from the aluminium ores to the aluminium end-products within a single corporation.

\textsuperscript{285} This name refers to the inventors of this process, Paul Héroult and Charles Martin Hall. Héroult deposited his French patent application several weeks before Hall's US application. Despite the anteriority of Héroult's invention, the US-judiciary did not recognise Héroult’s complaint and confirmed Hall's US patent. The US court simply refused to admit "foreign" testimonies to the trial (Bocquentin 1992: 32). Thus, the European aluminium industry (e.g. Algroup and Péchiney) made use of Héroult's patent, whereas the North American (e.g. Alcoa and Alcan) applied that of Hall.

\textsuperscript{286} For the smelting process Alumina is dissolved in molten cryolite – a mineral consisting of a fluoride of sodium and aluminium – and electrolysed. Under the pressure of electrical current (which explains the industry's enormous demand for cheap electricity), the oxygen of the alumina is deposited on the carbon anode and is released as carbon dioxide, while free molten aluminium is deposited on the cathode at the bottom of the cell.

\textsuperscript{287} Fluorosis is a chronic illness caused by extensive intake of the cryolite's florine compounds.
1. The aluminium market and its regulation

The aluminium industry has always been subject to cyclical swings. This reflects not only the mechanisms of capitalism in general, but also the particularities of the aluminium production process itself, given the relative rigidity of the aluminium supply as opposed to its demand. Aluminium smelting is a continuous, inflexible and very capital-intensive process. It also requires a long lead-time of investment, which moderates the impact of the modern short-term coercive comparison programmes between plants of the same company (Bélanger, Edwards, and Wright 1999). In contrast, the demand for aluminium products further downstream in the industry reacts very sensitively to the economic cycle. This reflects the industry's client structure (the car industry being the greatest consumer of aluminium) and the standardised nature of the product market, in which consumer taste is of limited importance. This has often led to overproduction crises, but also to attempts by the aluminium corporations to govern the aluminium market, by means of cartels, protectionist trade barriers, contra-cyclical stock piling policies, the acquisition of energy and bauxite suppliers, long-term contracts with clients, a downstream diversification of the industry, the vertical integration of its whole product chain from the aluminium ores to the end-product and, at last, cross-national company mergers.

The leading aluminium corporations have regularly created cartels. In 1901, the Swiss industry leader AIAG (the later Alusuisse) first increased its production capacities, which dramatically amplified the competition, before sponsoring the creation of the Aluminium-Association cartel. After the First World War this cartel collapsed, as the new industry leader Alcoa used its US monopoly and government protection to attack the European market. While the major Alcoa shareholder, Andrew Mellon, was Secretary of the US Treasury (1921-1932), the government protected the 100 per cent Alcoa monopoly on the US aluminum market through protective tariffs and direct governmental interventions against attempts of European aluminum corporations to dump their postwar surplus production on the American market (Wilkins 1974: 78). Due to this trade barrier Alcoa was able to raise "its domestic prices by 6 cents a pound, and (...) attack its rivals in Europe, buying large holdings in companies in Norway, Italy, Yugoslavia, and Spain that had overextended their resources"

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288 As the Attorney-General began in the 1920s to prepare an anti-trust case against Alcoa because of its 100 per cent of the bauxite, alumina and primary aluminium production monopoly, "President Coolidge took care of the problem by appointing him to the Supreme Court" (Cowen 2000).
Finally, the aluminium corporations settled their trade conflict by a new cartel agreement in 1926, institutionalised in 1931 with the creation of the Basle-based *Alliance Aluminium Compagnie*. Even if Alcoa was not a formal member of this trust, given the US anti-trust legislation, it joined it through its Canadian "sister" company, *Alcan*, with which Alcoa shared its major US-shareholders (Cowen 2000; Wilkins 1974: 297). In the 1930s the cartel was very successful. It kept the aluminium prices high despite the Great Depression.

The cartel and the control over the patents relating to the electrolytic aluminium smelting process enabled the leading enterprises to increase their – very capital-intensive – production capacities and scales. Therefore, it was almost impossible for outsiders to enter the industry. Even after the patents over the Héroult-Hall electrolytic smelting processes ended, the increasing returns to scale represented an enormous comparative advantage for the established corporations. Nevertheless, after the Second World War the aluminium cartel was finally challenged, when the US-government sold its state-owned aluminium plants to *Reynolds* and *Kaiser*. Moreover, in 1951 a US District Court compelled Alcoa and Alcan shareholders to sell their shares in one or other company to remove the appearance of collusive action. Nevertheless, the six principal companies, Alcoa (US), Alcan (Can), Reynolds (US), Kaiser (US), Pechiney (F) and Alusuisse (CH), continued to control 71 per cent of the world's raw aluminium production until 1972 (Bauer et al 1989: 267). Given the prospect of constant growth of demand and relatively low interest rates, the main aluminium corporations could

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289. In 1928 Alcoa separated itself *de jure* from its Canadian daughter company and transferred almost all of its assets then held outside the United States to Alcan. In return, the Alcoa shareholders received stocks of the new – legally "independent" – Canadian company. This was a reaction to a US Federal Trade Commission investigation (1922-1930) that accused Alcoa of unfair competition. In 1937, the Department of Justice at last filed a complaint against Alcoa, as its direct influence on the US government declined. However, the case was not resolved until the Supreme Court decision against Alcoa in 1945. In this ruling the Court reversed its earlier corporation friendly interpretation of the *Sherman Antitrust Act*. Before this judgment only the unreasonable restraint of trade through acquisitions, mergers and predatory pricing was seen as an infringement of the Sherman Act. In its 1945 Alcoa decision the Court declared, however, that the size and structure of a corporation were sufficient grounds for anti-trust action (Cowen 2000). Eventually, in an additional Alcoa ruling, US-Judge L. Hand stated in 1950 that the acts of the Canadian-incorporated Aluminium Limited (Alcan) fell within the jurisdiction of the US-courts and required the stockholders of Alcoa to "dispose their holdings in either Aluminium Limited or Alcoa" (Wilkins 1974: 297).

290. As Alcoa was not able to satisfy the wartime needs for aluminium, the US government had created several state-owned aluminium plants during the Second World War.
ensure their control over the aluminium market even without a formal cartel agreement. Instead, the corporations used a contra-cyclical policy of stock piling and the conclusion of long-term contracts with suppliers and clients to counterbalance the cyclical swings of the industry (OECD 1983: 101).

However, in the 1970s an increasing number of outsider companies undermined the informal aluminium oligopoly. Whereas the huge costs and the technical requirements of the aluminium plants repeatedly prevented the entry of new competitors into the market, the huge crisis of the 1970s forced the principal corporations to sell primary aluminium production capacities to smaller producers. Moreover, various important bauxite countries – such as Brazil, Venezuela, China and India – started to build up their own aluminium industries. In 1974 seven bauxite producer countries (Australia, Guinea, Guyana, Jamaica, Sierra Leone, Surinam and Yugoslavia) founded the International Bauxite Association (IBA) in order to counterbalance the power of the multinational aluminium corporations. Even if the IBA did not succeed in creating an OPEC-like bauxite cartel (Yachir 1988), the oligopolist coordination of the primary aluminium price came to its closing stages. In 1978, the London Metal Exchange started its trading in primary aluminium, despite the opposition of the aluminium oligopolists. As a result, the aluminium price further declined and the leading aluminium corporations drastically reduced their primary aluminium production. Whereas the six leading aluminium producers controlled 82 per cent in 1964, their share declined to 71 per cent (1972) and then to 53 per cent (1979) (Bauer, et al. 1989: 264). The leading aluminium corporations compensated their declining share in the primary aluminium sector with an increasing diversification of their activities downstream the industry (Tortoriello, Patines, and Labrador 1992).
2. Alcan, Pechiney and Algroup: three ethnocentric multinationals

Similar to the leading oil companies, the aluminium corporations had to locate their mining activities where the ores they wished to mine were (Roberts 1972: 111). They also selected particular locations for their electrolytic smelting plants, namely, places where cheap electricity was available. As aluminium mining, smelting and fabrication are therefore usually not located at the same place, the aluminium corporations adopted from the beginning an international perspective.

After the Second World War the aluminium corporations further strengthened their global orientation. The North American aluminium corporations and Pechiney established new subsidiaries, normally new mines and aluminium smelting plants, in the geopolitical zones of influence of the corporation’s home country and new aluminium manufacturing plants in strategically important locations in order to gain access to new markets. Alcan, Alcoa, Reynolds and Kaisers, for instance, took advantage of the huge bauxite reserves in Jamaica thanks to the assistance of the US government and the UK colonial office (Bosshard 1987: 35-40), whereas Pechiney constructed new mines in France’s (former) colonies, Cameroon, Ivory Coast and Guinea (Beaud et al. 1975: 48).

During the "Kennedy round" – the GATT trade liberalisation negotiations of the late 1960s – the French government successfully defended the French 12 per cent tariff on aluminium imports. Nonetheless, Pechiney was increasingly challenged by the establishment of new subsidiaries of the American aluminium corporations within the EEC (Beaud et al. 1975: 44f.). The removal of internal EEC tariffs in 1968 and the continuing external EEC six per cent duty on aluminium imports represented, for instance, a major incentive for Alcan to operate plants in the UK. In turn, the two major European aluminium corporations, Pechiney and Alusuisse, also acquired notable (but not always very profitable) subsidiaries

291 The Alusuisse plants in Switzerland, for instance, in 1974 consumed four times more electric energy than Zurich, the largest city in Switzerland (Indermaur 1989: 68).

292 Alcan established its Lynemouth Aluminium smelter plant in Northern England in 1970 that is just a few months after France finally ceased vetoing the EEC membership of the United Kingdom.

293 Only 12 years after the opening of Alusuisse’s first US aluminium plants in 1963, Conalco, at that time the US daughter company of Alusuisse was the fourth largest US aluminium producer. In the following economic crisis Alusuisse paid, however, a high price for its ambitious expansion. The resulting
in the US, the world's first aluminium market and "terre promise" of most European managers (Beaud et al. 52).

The global expansion of Alcan and Alusuisse also demonstrates that the global expansion of an aluminium corporation did not necessarily depend on the political support of a powerful nation state. Nevertheless, also Alusuisse developed a rather "colonialist" relationship to its overseas daughter companies. The central headquarters of all aluminium multinationals effectively supervised their foreign daughter companies, not only through direct instructions and intra-firm transfer price manipulations but also through coercive comparisons of local performance (Bélanger et al. 1999). Within this framework local subsidiaries preserved, however, some autonomy in labour matters, even if benchmarking measures also covered personnel issues, such as pay, overtime, health and safety as well as absence (ibid.: 62f).

Almost all aluminium corporations were “ethnocentric” multinational enterprises. Hence, they remained in effect national enterprises.294 Pechiney clearly falls into this category, as explicitly emphasized on 14 May 1993 by its head, Jean Gandois, during an interview with the authors of an ARTE TV-documentary about this “multinationale”:


overcapacities caused major deficits. As a result, Alusuisse scaled down and sold most of its US subsidiaries (Indermaur 1989: 62; 80f).

294 “Persuadés de leur compétences, les cadres de la maison-mère estiment détenir les seules formules valables d’organisation et de prise de décisions. Ils sont convaincus qu’ils sont en mesure de mettre en œuvre à l’étranger, et avec le même succès, les techniques et les méthodes qui leur ont si bien réussi sur le plan national.” (Perlmuter 1965: 156).
The Swiss and Canadian aluminium corporations also remained corporations of their countries of origin, although the international markets played a greater role from the beginning, due to their comparably small countries of origin. However, only the employees from the company’s country-of-origin perceived their company as being “national”, while the company was noticeably “multinational” for the employees of its foreign subsidiaries. This ambiguity also explains the frequent use of an oxymoron, i.e. the term 'une multinationale française" in the Pechiney case, to describe the conjunction of contradictory tendencies within such a national and multinational company (Beaud, Danjou, and David 1975).

The aluminium corporations are usually vertically integrated companies. They control the whole production chain from the extraction of the primary material to the end product. In contrast to polycentric multinationals, where the local subsidiaries remain largely independent of their mother company, the integrated aluminium corporations were able to use effective coercive mechanisms to control their daughter companies, long before the invention of the computer-based audit techniques (e.g. benchmarking). In fact, given the high share of intra-corporation trade, the central managements were able to manipulate the intra-corporation “transfer pricing” and, thus, to exploit their foreign subsidiaries and avoid tax payments.

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295 See their trademarks, Alusuisse and Alcan. However, it is worth noting that Pechiney officially abandoned already in 1971 the “accent aigu” in its brand name (Beaud et al. 1975: 7). Nevertheless, Pechiney continued to be "une affaire française aux activités internationales" (ibid. 130f) and even thirty years after the internationalisation its trade mark, many union delegates continue to spell their company's name with an acute accent.

296 In 1999, the total cross-border "intra-firm" trade between multinationals and their affiliates accounted for 36.3 per cent of US exports and 39.4 per cent of US imports. The respective data for Japan depicts a similar picture (exports 30.8 per cent; imports 23.6 per cent), whereas aggregate data for the EU is – surprisingly – not available (OECD 2002: 163f). US data also shows that the share of intra-firm trade in non-ferrous metals was, in the late 1980s, close to average (Andrew 1996: 274). Furthermore, an OECD (1996) study emphasised that "an unknown part of the trade, while not strictly intra-firm, may be due to collaboration and quasi-integration between independent firms through alliances and networking. For instance, there has been increasing use of contractual arrangements such as franchising operations, between unrelated parties." This raises an empirical question with regard to many of the simplistic mainstream beliefs about the "free world market". Indeed, to what extent does the "free world market" really exist, given the high share of supposed "market transactions" that are in actual fact "politically" determined, internal transactions of multinational corporations?
In the 1970s, for instance, Alusuisse transferred almost all profits from its bauxite mines in Gove (Northern Australia) and its smelting plant in Iceland to the mother company in Zurich. It forced its Australian daughter company, Austraswiss, to sell the alumina at a low price to the mother company, which, in turn, sold it for a 30 per cent higher price to its Icelandic daughter company. As a result both foreign daughter companies became unprofitable and were, for that reason, not liable to revenue taxation. However, in 1988 the Australian government eventually forced the Alusuisse mother company to pay higher prices, by threatening not to renew Alusuisse’s bauxite mining licence, Iceland’s government, on the other hand, was rather reluctant to engage in a direct confrontation with Alusuisse, as the government did not want to displease Iceland’s largest private employer. Australia’s bargaining position was, in fact, much better, because Alusuisse was not able to delocalise its Australian activities, as mining is by definition linked to a specific territory (Indermaur 1989).

Possible transfer price manipulation worried not only the companies’ host countries but also their home countries, as multinationals also used this mechanism to export capital in order to avoid taxation. Hence, French left-wing politicians and academics indicated this practice as an argument in favour of the nationalisation of the largest multinational companies (Beaud, Danjou, and David 1975: 56). This argument seems to have been quite influential, as François Mitterrand's first socialist government nationalised most French multinationals in 1982, including Pechiney. Yet, for Mitterrand these nationalisations did not aim to "break the domination of the big capital" – as originally stated in the Programme commun de Gouvernement du parti communiste et du parti socialiste (PCF 1972: 113). On the contrary, Mitterrand represented the nationalisations – at one of his first press conferences on 24

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297 In the 1970s and 1980s many bauxite-producing countries also tried to get a larger share of the bauxite business; for instance, through a higher taxation of the bauxite output (Jamaica in 1974), nationalisations of bauxite mines (Guyana in 1971) and the above-mentioned creation of the IBA (Bosshard 1986: 84f).

298 In contrast, according to Pechiney’s board member and chairman of the leading Paribas bank, J. de Fouchier, the company used its internationalisation to make any nationalisation more complicated: "S’internationaliser, c’est rendre la nationalisation en France psychologiquement incongrue et techniquement difficile à mettre en œuvre" (cit. in Beaud, Danjou et al. 1975: 160).

299 Public ownership of aluminium producing enterprises was not an exceptional case: by 1980, almost 25 per cent of the OECD primary aluminium capacity was under direct government influence, either through state ownership or equity participation (OECD 1983:99).
September 1981 – as an instrument to defend the national production in an increasingly international economy. "Il faut donc que ce soit claire : Les nationalisations sont, pour nous, une arme de défense de la production française" (Mitterrand cit. in: Gélédan 1993: 18).  

The production of primary aluminium today represents only a minor part of the business of the aluminium corporations, compared to the manufacturing plants that produce a wide variety of aluminium end products. The multinationals increasingly concentrated themselves on the value creating activities that take place in the last link of the production chain. Usually these activities were integrated into the corporations through acquisitions. Pechiney acquired American National Can in 1988, while Algroup purchased the packaging companies Lawson Mardon in 1994 and Wheaton in 1996. Pechiney also developed new aluminium alloys for the aerospace and automotive sectors (Lauchlan 2001). In doing so, the two European companies followed their North American competitors, Alcoa and Alcan.

This focus was further reinforced by a major change in the company’s investor structure. Algroup’s heavy debt crisis in 1987 and Pechiney's privatisation in 1996 obliged the two European companies to find alternatives for their traditional financiers (i.e. respectively the established Swiss banks and the French state). Subsequently, the companies turned to the (international) capital markets, where investors were much less prepared to accept either long-term oriented industrial policies or performance inferior to the average capital market profitability. Consequently, in the late 1990s, Alcan introduced a new, shareholder value oriented accounting metric in its reports, the Economic Value Added® (EVA) (Amernic and Craig 2001). The EVA is calculated by subtracting a capital charge from net operating profit after taxes. This would allow the measurement of “real” profitability, i.e. the difference between the return on capital and the cost of using that capital over the same period. Hence, Alcan no longer justified its (average level) net operating profits as a compensation dependent

\footnote{Mitterrand’s nationalisations led to a re-capitalisation and modernisation of the French industry. Whereas in 1982 only three of the 21 nationalised enterprises were profitable, three years later 18 of the 21 corporations were "in the black". This success laid the foundation for the successful privatisation of these corporations, including Pechiney, by the subsequent centre-right governments (Uterwedde 1999).}

\footnote{Technically, EVA is a synonym of what has long been known in the scholarly literature on accounting as "residual income", even though the management consultancy firm, Stern Stewart & Co appropriated this academic concept and registered it as a trademark (Amernic/Craig 2001). However, according to the 1999 edition of the "New Oxford Dictionary of English" EVA is still the abbreviation for ethyl vinyl acetate.}
on its entrepreneurial success, but as an independent variable: "the costs of using capital". Consequently, every Alcan operation that fails to be "EVA-positive", even if profitable, risks being punished. In contrast, Alcan's incentive plans include significant pay supplements for managers in case of "EVA-positive" results (Amernic/Craig 2001: 769).

3. The Alcan-Pechiney-Algroup merger project

In the 1990s, the shareholder value oriented approach replaced the industrial approach of the foundry engineers (or government managers) that ran the industry before financial investors – such as the Swiss financier Marin Ebner302 – took over. These transformations led to much higher profitability expectations of about 15 per cent (Rodier 1999). Theses changes challenged the companies’ original industrialist corporate culture303 and engendered radical cost reduction programmes. In 1996, Pechiney adopted, for instance, its "Challenge" plan that included:

- a 20 per cent cut of its general costs and 17 per cent cut of its wage costs, due to a 15 per reduction of its workforce (5,100 workers) within three years,304
- the introduction of a global benchmarking system in order to measure the profitability and the competitive position of every single company-unit,
- and vast modernisation investments, especially in the aluminium and packing sectors, including increasing investments in the so-called "emerging countries" Brazil, China and India (Menard 1999: 58).

302 The chairman and owner of BZ Bank, Martin Ebner, in the late 1990s became the largest shareholder of important Swiss blue chip companies, including ABB, Algroup, Baloise, Rieter and even Credit Suisse. He was also chairman of Algroup and one of the most important board members of ABB. Ebner was the most prominent Swiss financier and one of the pioneering propagandists of shareholder value capitalism in continental Europe. However, given a dramatic decline of the stock market value of his assets, in August 2002 Ebner was forced to sell his four quoted investment funds, in order to resolve a heavy debt crisis of his BZ Group holding company. Eventually, the state-owned Zürcher Kantonalbank bought Ebner’s investment funds, thus, rescuing the BZ holding form bankruptcy. Ironically, Ebner had previously repeatedly stated that the state should not intervene in the economy (Hall 2002; BB 2002; Strahm 2002).

303 "Ce n’était pas dans la culture de Péchiney, quand une activité gagnait, disons 100 millions, de voir vraiment ce que l’on pouvait faire pour elle gagne 200 millions." (J.P. Rodier, cit. in Menard 1999:58).

304 Whereas the "challenge" plan led until 1999 to cost reductions of 15 per cent, Pechiney envisaged further cost reductions of 5 per cent per year due to a subsequent rationalisation programme (APA 1999: 10).
Similar cost reduction programmes also took place within the other multinationals, which further increased competition. Moreover, the companies were facing a weak aluminium market, owing to weak demand and the entry of cheap Russian and Chinese aluminium into the market, even if the European Aluminium Association successfully lobbied the EU to protect at least the aluminium foil market against the industry’s non-EU competitors. Most aluminium corporations tried to confront the increased outside competition by pooling their forces with some of their competitors. On 11 August 1999, the executives of Alcan, Pechiney and Algroup announced their intentions to conclude the world's first three-way merger. They justified the APA merger as a consequence of the current consolidation process of the aluminium industry and praised the creation of APA, the world's new industry leader. Moreover, APA would significantly enhance shareholder value, as an “EVA driven company” (Marchionne 1999, visual graphic 9).

However, only a few hours later, Alcoa re-established its leading role in the industry by its hostile takeover of Reynolds (Wright 2000).

The antecedents of the APA merger project precede its official announcement by three years. In 1996, Sergio Marchionne, the former CEO of the Canadian Lawson Mardon, became the first non-Swiss CEO of Algroup. Since then, he had been trying to merge Algroup with a powerful partner (Marchionne 2001, Sebenmann 1999). He has emphasised the need to act proactively, in order to prevent his relatively small company from being left behind in the restructuring processes of the aluminium industry. In 1998, he announced a merger project with the German VIAG group, a diversified company with activities in the energy production, telecommunications, packing, aluminium and chemical sector. But this project failed in

305 Rousski Aluminium (Roussal) controls 80 per cent of the aluminium production in Russia and is one of the few Russian companies that has gained access to the global market place (Agence Europe, Europe Daily Bulletins, No. 7848, 24.11.2000).


307 In contrast, the US Kaiser Aluminium Co – initially, one of the industry’s "big six" – in February 2002 sought bankruptcy court protection from its creditors (International Herald Tribune. 13.02.2002: 10).

308 For a close, critical reading of the joint letter by the heads of the three aluminium multinationals announcing their APA merger plan see (Amernic and Craig 2001).

309 Until its privatisation in 1988, the Viag holding company consolidated the German state interests in electricity production, distribution and aluminium. During the 1980s-1990s, Viag further diversified its activities through acquisitions of information and communication technology companies (Ruigrok and Van
March 1999, officially because VIAG claimed a greater share (67.5 instead of 65 per cent) in the future company (Algroup 1999). According to Eberwein et al. (2002: 84-100), Algroup’s official declaration does not, however, entirely explain the failure of the merger. Other aspects must also have contributed to its failure.310

Eberwein, et al. speculated that the failed merger would be "a good example of the role different systems of industrial relations can play within these kinds of processes", due to the "major difference between VIAG’s German, stakeholder-oriented corporate culture based on co-determination and Algroup's Anglo-American, shareholder-oriented approach as personified by the CEO" (ibid. 99). Yet, the classification of Algroup’s industrial relation system as "Anglo-Saxon" seems, however, to be inadequate, when compared with Alcan’s. Eberwein, et al. might also be overstating the practical effects of the German Mitbestimmung. In fact, the workers’ representatives on the VIAG-board only saw the same VIAG-Algroup merger PowerPoint presentation one day before Sergio Marchionne presented almost the same slides at the subsequent press conference.311 Furthermore, the Financial Times (17.11.1998: 1) had actually reported the VIAG-Algroup merger before the local management representatives were officially notified (Eberwein, et al., 2002: 96). This is a very important observation because it is difficult to imagine how workers’ representatives on company supervisory boards can effectively use their co-determination rights, if important decisions are actually shaped by small and informal working groups at a supranational level that even bypass the national-level management representatives.

Despite the failure of the Algroup VIAG merger, Sergio Marchionne did not abandon his merger aspirations and began talking "with Goldman Sachs about combinations of companies that could form a credible competitor to Pittsburgh-based Alcoa" (Wright 2000: 44).312 In

310 I.e. the scepticism of investors towards very diversified conglomerates and concerns of Algroup shareholders concerning VIAG’s risky telecommunications and (atomic) energy business activities (ibid.: 87).


312 Algroup was, however, not the only corporation that engaged a consultancy firm in order to consider various potential company mergers. Reynolds engaged Merrill Lynch, Pechiney both Credit Suisse First Boston and Rothschild & Cie. and Alcan Morgan Stanley Dean Witter. Subsequently, these corporations considered
early 1999 Jacques Bougie, the chairman and CEO of Alcan, contacted his Pechiney counterpart, Jean-Claude Rodier, and proposed a merger of the two groups (Rodier 1999). Rodier, initially, declined this offer, because “un tel rapprochement aurait été trop inégalé” (ibid.: 22). The failed Algroup-VIAG merger unblocked the situation between Pechiney and Alcan. In turn, the executives of Pechiney, Alcan and Algroup could at this point arrange a three-way merger, which would prevent any of the three groups from having “too much weight” in the merged company (Rodier 1999).

The APA merger project profoundly undermined the ethnocentric nature of the involved corporations. For Jean Gandois, who was Pechiney président - directeur général (1986-1994), Pechiney was a French multinational (Karlin and Lainé 1994: 451). His successor Jean-Pierre Rodier, however, claimed that APA would not be “canadien, ni français, ni suisse” (1999). Compared to Pechiney, the scope of activities and the capital structure of Alcan and Algroup transcend the boundaries of the corporations’ respective home countries to a greater extent.313 But also for these two companies, the APA merger represented a major challenge to their Canadian and Swiss orientation respectively. Precisely for that reason, the APA merger would be “a bold demonstration of the willingness of organizations to transcend traditional boundaries and join to reshape an industry” as stated by Algroup’s CEO (Marchionne 1999: 6).314 Alcan was also “poised to shed its Canadian identity”, as a Canadian newspaper accurately emphasised: but "just because real power within [the merged company] will be leaving Canada, it doesn't mean it will be going anywhere specific." (cit. in Amernic and Craig 2001: FN 27).

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313 Whereas the French activities still represented 48.1 per cent of in Pechiney’s turnout in 1998, the Canadian activities of Alcan represented only 12.9 per cent. In contrast, Algroup even ceased to publish data about the company’s Swiss activities, and indicated instead that its European activities represented 67 per cent of its turnout. This is remarkable if one considers the leading role that the Algroup shareholders, Martin Ebner and Christoph Blocher, played in Switzerland’s right-wing, anti-EU campaigns.

314 Actually, the ethnocentric nature of Alusuisse was challenged already by the first nomination of a non-Swiss CEO in 1996 and the subsequent change of its company name: in 1998, the former Alusuisse-Lonza Holding AG globalised – or better "Anglo-Saxonised" – its company brand name, by changing it to Algroup (Alusuisse Lonza Group Ltd.). Issuing the International Phonetic Alphabet version of this new label, “ei/el/gru:p”, the central management even insisted on its correct English pronunciation (Mrusek 1998).
After the merger announcement in August 1999 much of APA’s future functioning and organisation remained unclear, including the concrete production sites that would be most affected by the post-merger restructurings (APA 1999: 5). Correspondingly, the appointment of APA’s new staff and its concrete organisation was subject to enduring negotiations (and rivalries). In fact, the APA companies established over 90 joint working groups in order to negotiate the design of the new company. Finally, the executives of the three merger partners agreed to guarantee a proportional distribution of key staff positions between the managers of the three companies, but nationality, a crucial feature in ethnocentric multinationals, ceased to be a factor in the leadership selection process.

It should be clear from all of the above that the aluminium corporations adopted a global perspective from their beginning. The central headquarters efficiently controlled their foreign subsidiaries, due to the huge vertical integration of the multinationals and their ensuing "political" control over the intra-firm trade. Despite their global scope the aluminium multinationals, however, remained national enterprises, from their countries’ of origin point of view. In contrast, the announcement of the Alcan-Pechiney-Algroup merger project fundamentally challenged the ethnocentric character of the three multinationals, implying a shift to a more "geocentric" type of a multinational corporation (Perlmutter 1965).

Although three “wise men”, i.e. John R. Evans, Etienne Davignon and Marin Ebner representing the shareholders of the three companies, on 18 July 1999 selected J. Bougie as first APA CEO and after, two years, J.-P. Rodier as his successor (Wright 2000), it took much longer to designate APA’s subsidiary management staff.

Whereas the composition of APA’s board and the appointments of six business divisions directorship positions was based on equal representation of the three merger partners – however, not the companies’ countries of origin – the choice of APA’s corporate functional leaders was clearly weighed in Alcan’s favour. Cf. Algroup, Interne Mitteilung. Alcan, Pechiney und Algroup geben geplante Führungsstruktur für APA bekannt, Zürich, 6 October 1999. Pechiney, "Alcan, Pechiney et Algroup annoncent la structure organisationnelle proposée pour APA". Direct news, no. 358, 7 October 1999.
B. Transnational pre-merger trade-union activities

1. Alcan transnational labour relations

Since its merger with the Aluminum Workers of America in 1943, the United Steelworkers of America (USWA) has been recognised by the management as the representative trade union in most American aluminium plants (Harrod 1972: 263). By the end of the 1990s, the USWA became virtually the only aluminium worker’s union in North America, after Quebec’s company-level unions\(^{317}\) of the Fédération des syndicats du secteur aluminium joined the Fédération des travailleurs et travailleuse du Quebec, which is affiliated to the USWA.\(^{318}\) Manifestly, the USWA is in itself an expression of a transnationalisation of the labour relations, especially because it succeeded in integrating not only most of the US and Anglo-Canadian, but also the autonomous and autonomist Quebec aluminium workers’ unions.

Given the increasing bauxite mining activities of the North American aluminium companies (including Alcan) on the Caribbean islands and the geo-strategic significance of these islands for the US, in the 1950s the United Steelworkers of America (USWA)\(^{319}\) began to encourage, support and advise the "democratic" Caribbean trade unions.\(^{320}\) In sum, the early international USWA activities apparently reflected above all political concerns. However, preventing

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\(^{317}\) I.e., for instance, the Syndicat National des Employés d’Aluminium d’Arvida (SNEAA) or the Syndicat des Employés de l’Aluminerie de Bécancour (SEAB).

\(^{318}\) Note the USWA uses in Quebec its French name: Union des métallurgistes unis d’Amérique.

\(^{319}\) In cooperation with the International Metalworkers’ Federations and US government sponsored agencies, such as the American Institute for Free Labor Development. The latter was created in 1962 at the suggestion of the AFL-CIO to oppose communism and to assist the growth of "democratic trade unions" (Harrod 1972: 288). For a detailed account of international union activities in the Cold War, see G. Busch (1983).

\(^{320}\) In 1953 the visit of a leading US-American USWA official, Nicholas Zonarich, caused the Jamaican government to protest to the US State department. Zonarich perhaps upset the Jamaican government for two reasons: First, he met the opposition leader, Norman Manley, whose Peoples National Party was at the time in the process of creating the National Workers Union. Secondly, he addressed Jamaican bauxite workers saying that although their wage rate was better than some in the islands, the luxuries a worker could obtain from it, such as a bicycle, were nothing compared with American workers who all had cars, and moreover: "A bicycle is a child's toy" (Harrod 1972: 263). Subsequently, fellow Commonwealth-citizens from the Canadian USWA branch provided the international trade union assistance.
communism in the Caribbean Sea evidently also matched the economic interest of the North American aluminium industry.

The USWA assistance included the delegation of in-field union advisers, financial grants and loans, gifts of capital equipments and direct employment of local organisers (Harrod 1972: 262-73). Eventually, this support contributed to the development and the consolidation of an entrenched, anti-communist labour movement. In particular in the Jamaican bauxite industry, the international trade union support reinforced the local National Workers Union. Eventually, the NWU was able to gain the recognition of the aluminium corporations and to negotiate comparably high wages, in exchange for the conservation of social peace. Given the reliance of the North American smelting plants on a continuous bauxite supply, the low share of labour costs within the whole aluminium production process and the geo-political interest of the US in the cold war, the operational transnational trade union cooperation was, however, not only in accord with the stated policy of international union solidarity, but also with the US foreign policy and the aluminium corporations' interest in stable employment relations. For that reason, Harrod (1972: 406) concludes that the USWA played a considerable role in creating a suitable investment climate for the US corporations in Jamaica and in the shift of hegemonic power from the UK to the US. On the contrary, the USWA support for the NWU also provided the foundations for the 1972 electoral victory of Michael Manley; a declared "democratic socialist" and former NWU leader, who introduced a bauxite levy of 7.5 per cent of the aluminium ingot price in 1974 (IMF 1982) and questioned US hegemony during his first two mandates as Prime Minister (1972-1980) (Northrup and Rowan 1979: 95; Bosshard 1987: 21). Be this as it may, one aspect of these USWA activities is evident: neither the rank-and-file nor the lower level union leadership was involved in it. With the exception of some

321 The NWU was founded in 1952 by Norman Manley’s PNP, after it excluded its left-wing faction, which supported the membership of the former PNP-related Trades Union Congress of Jamaica in the communist-led World Confederation of Trades Unions.

322 In 1952 even the Secretary of the British Employer’s Federation was not happy with this development. He complained that the UK unions had not been active enough in the Caribbean: "Because of the negligence of the TUC […] Caribbean workers have been driven into American trade unions." Even if he acknowledged that American infiltration would be better than communist, he "would rather see the British TUC there" (cited in Harrod 1972: 352).
congress discussions\textsuperscript{323} and a few articles in the trade union press, international trade union politics was an exclusive domain of the USWA’s international union officials (Harrod 1972: 272 and 396-400).

By the end of the 1970s, the USWA also supported the establishment of a working group on the aluminium industry in the International Metalworkers’ Federation (IMF). This working group organised several international aluminium conferences, which brought together trade union delegates, representing workers worldwide, in order to discuss the profound structural change in the industry and the question of occupational health hazards. However, these conferences led neither to a coordination of the trade union action nor any attempts at transnational collective bargaining with the aluminium corporations. On the contrary, the IMF aluminium reports\textsuperscript{324} resembled, in content and language, OECD documents more than a trade-union strategy paper.\textsuperscript{325}

Moreover, local unions simply ignored the integration of their plants in the world market, as emphasised in a study on the introduction of teamwork at an Alcan smelter plant in Lynemouth (England) (Wright and Edwards 1998). This is not very surprising, given the relatively stable division of the aluminium market up to the 1970s; at this time the massive aluminium oligopolists had few incentives to engage in open competition (Bélanger, Edwards, and Wright 1999). After the closure of one of Lynemouth’s two pot rooms – subsequent to a major collapse of the world market aluminium price in 1990 –, this situation changed dramatically. Even if the union membership remained at virtually 100 per cent

\textsuperscript{323} In 1964, for instance, Michael Manley directly addressed the 12\textsuperscript{th} USWA constitutional convention.

\textsuperscript{324} Cf. IMF 1993; IMF 2001; IMF 1982. These IMF reports focused on the situation of the industry and its major companies, while neglecting union issues, such as collective bargaining. Yet, in 1982 industrial action was mentioned as a factor that negatively influenced Alcan’s performance. Alcan’s "total revenues rose to $5,264m from 4,480m a year before. This was due to better results obtained in Canada, Latin America, Asia, South Pacific and Africa, which offset a decline in profitability and losses in the United Kingdom as a result of an engineering strike and the strength of sterling which reduced export sales" (IMF 1982: 40).

\textsuperscript{325} The only documented IMF campaign in the aluminium industry supported a successful, long lasting USWA strike against the lock-out of the unionised workforce by Ravenswood Aluminium Corporation in 1990, after Marc Rich, a billionaire metal trader who was convicted in the US for tax evasion, got hold of it. The IMF organised demonstrations, leafleting actions and press conferences in Switzerland, Romania, the Czech Republic and the UK (IMF 1993: 66f; Juravich and Bronfenbrenner 1999).
(Wright and Edwards 1998: 76f), the redundancies had an enduring effect on local industrial relations. They targeted not only "poor" workers and those with weak attendance records, but also union activists. Moreover, the worker morale was seriously affected by the insensitive manner of the dismissal notification. Nevertheless, the management chose to cooperate with the unions and continued to pay a full-time GMB convenor despite the fall in employment levels (ibid. 86). Eventually, industrial actions virtually ceased to take place. The continuing threat of plant closure effectively disciplined the Alcan unions not only in the UK, but also in Quebec.\footnote{326} Nonetheless, the impact of global competition on Alcan’s labour relations was mitigated by several factors: the long-term nature of investments in the aluminium industry, local political mobilisations and labour law\footnote{327}, the greater impact of energy compared to labour costs\footnote{328} and the external tariffs on aluminium\footnote{329} (Bélanger, Edwards, and Wright 1999: 55).

The confrontation with an increased global competition did not lead to any European or transnational activities of Alcan trade unions, apart from the following minor exceptions. In February 1977, the European Metalworkers' Federation established a working group of union officials on \textit{Alcan Aluminium Europe}, in order to discuss employment matters. Prior thereto

\footnote{326}{In 1998, the \textit{Fédération des syndicats du secteur aluminium (FSSA)} and Alcan's \textit{Société d'électrolyse et de chimie} signed a social-peace agreement, "entente-cadre relative à la stabilité opérationnelle", which excludes any industrial actions (strikes and lock-outs) during the next 18 years (sic!), in exchange for a massive investment programme (Maschino, Boivin, and Laflamme 2001: 15).}

\footnote{327}{The English Lynemouth plant was much more severely hit by Alcan’s restructuring measures than the much older Arvida plant in Quebec. This reflects, in addition to the lower energy costs, Quebec’s more protective labour law and the greater domestic political mobilisation and support for the Alcan workers of Arvida (Bélanger and Dumas 1998; Bélanger, Edwards, and Wright 1999; Bélanger 2001).}

\footnote{328}{The majority of North American smelters get most of their electricity supply from the company’s own hydropower stations, at, or close to, the cost of production. Alcan’s Canadian smelters belong therefore to the lowest-cost aluminium producers in the world (APA 1999). Ironically, the price of electricity was in some cases even too cheap, at least, from the smelter workers’ point of view: some US companies closed their smelting plants, precisely because they could make a higher profit by re-selling the cheap electricity instead of using it, as originally intended (Malentacchi 2001: 8).}

\footnote{329}{Even if the EU’s import duties on most aluminium goods represents an important incentive for Alcan to operate plants in the UK (Wright and Edwards 1998), it was the UK government itself that urged the EU in February 2000, jointly with the "Federation of Aluminium Consumers in Europe" and the Gulf Arab States, to remove its aluminium duties; so far, however, without success (W. Wagner 2001: Chapter 8.10).}
the EMF general secretary had an informal meeting with Alcan's European manager (Northrup and Rowan 1979: 95). Nevertheless, there is no evidence available of either further interactions between the EMF and Alcan, or of any other transnational cooperation between unions from the different Alcan plants in Europe, until the adoption of the EWC directive.

In 1996, the Alcan management sponsored the establishment of a “voluntary” European Works Council under article 13 of the respective directive. However, only the management of Alcan Deutschland GmbH, the largest Alcan branch within the area of validity of the EWC directive, and its Gesamtbetriebsrat signed this agreement. Neither non-German employees nor the European Metalworkers Federation were formally associated with the negotiation process; even though on 9 September 1993 the EMF organised a European meeting of Alcan workers’ representatives in Brussels (EMF 1995: 53). Whereas the Pechiney and Algroup EWC agreements established that also smaller foreign daughter company should be represented, the Alcan agreement states that the number of employees required to send a representative to the EWC is at least 150 within one country (Alcan 1996: article 3.1).

Moreover, the Alcan EWC included neither British nor Swiss delegates, as the EWC directive did not cover these two countries. As a result, the German representatives initially held a majority of four EWC seats, whereas the Italian representatives held two and the Irish one seat. This distribution changed again after further company restructurings, the extension of the EWC directive to the UK. In its last meeting in January 2001, the Alcan EWC was composed of four German, three British, two Italian, a French, a Swiss and a Spanish delegate. The Alcan EWC never functioned well. Neither its leadership nor its composition was stable. During the APA merger discussions, in fact, the Alcan EWC changed its president twice.

330 The multinational companies concerned could choose between two alternatives in implementing the EWC directive: either conclude a voluntary EWC agreement with their workers’ representatives under article 13 before 22 September 1996, or – subsequent to that date – negotiate a mandatory European information and consultation structure according to article 6 of the directive.
2. Pechiney's (trans-)national labour relations

Already in the early 1970s the reformist, IMF-affiliated unions of Pechiney tried to establish transnational labour relations, but the chairman and CEO of the Pechiney holding, Pierre Jouven, clearly stated in May 1973 that negotiations at an international level between the unions and the management would be "unthinkable" given the extreme differences between national union movements and the strong politicisation of some union organisations:

"Certains syndicats évoquent la possibilité de conventions collectives internationales au niveau de sociétés comme les nôtres. En ce qui nous concerne, cela nous semble actuellement impensable dans la mesure où les syndicats des différents pays sont extrêmement disparates et parfois, ils sont l’incarnation d’un parti unique ou fortement politisé."  

The Pechiney management, however, did not only reject international collective agreements, but also any dialogue with unions and work councillors at the French holding level. Capital-labour discussions took place only at the national (daughter) company, the local plant and the workshop levels. Among these, the central management favoured decentralised plant and workshop-level employment relations, even though the two sides of industry occasionally signed collective agreements at the national (daughter) company level.

Due to the absent holding level capital-labour dialogue, the employee representatives of Ugine-Kuhlmann were neither informed nor consulted before the crucial P.U.K. merger that amalgamated the two sole French aluminium producers, Pechiney and Ugine-Kuhlmann, in 1971 (Beaud, Danjou, and David 1975: 91). In this way, the Ugine-Kuhlmann executives took advantage of the absence of any holding level regulations of the French works council law. At that time, the French works council regulation simply foresaw a Central works council (Comité central d’entreprise CCE) within each individual company, but not at the holding

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331 At that time called Pechiney Ugine Kuhlmann (P.U.K).
334 Ordonnance n° 45280 du février 1945 instituant des comités d’entreprise, Art. 3C.
level. As a result, the holding level management of Ugine-Kuhlmann could effectively bypass the information and consultation rights of the works councils of its daughter companies. It had only to deal with the CCE of the holding company, which represented, however, only the holding’s white-collar staff and not the entire workforce of its daughter companies.

Eventually, in 1974, the CCE of Pechiney’s holding company unanimously urged a governmental "enterprise reform commission" to create a Comité Central de Groupe, or carry out reforms that take the "notion of group" into consideration (Beaud, Danjou, and David 1975: 94). However, Pechiney’s chairman and CEO, Pierre Jouven, emphasized in his response to the "enterprise reform commission" that holding companies do not have "the vocation to treat social problems" (ibid.: 95). Their tasks were, on the contrary, limited to a small number of activities, albeit very decisive ones. Nonetheless, after the PUK merger Pechiney established a "Comité de groupe", which, however, represented exclusively the "cadres", in order to keep them informed about the group’s policies, including in the field of personnel management (de Villelongue 1977: 291). This situation fundamentally changed with the adoption of the "Lois Auroux" labour law reforms by the socialist government in 1982. This reform obliged all holding companies to establish a Group Works Council (comité de groupe) representing the total workforce. The subsequent establishment of the French comité de groupe during the 1980s as well as the nationalisations and the resulting changes of the French multinationals corporate governance also prefigured and facilitated the establishment of EWCs, also in the Pechiney case (Rehfeldt 1998).

The EWC of Pechiney was one of the first institutions of its kind in France and Europe. In 1989 the management of Pechiney set up an informal “European Information Commission”. This initiative reflected the desire of the French government, which had nationalised the

335 In practice, however, the holding company did deal with social issues, as demonstrated by its direct interventions in the case of local industrial conflicts, for instance, in summer 1973 during the strike of the Noguères smelting plant (Beaud et al. 1975: 204-210).


337 I.e. the management staff and the high-ranking technicians.

338 The comité de groupe is composed of daughter company works councillors, who have been designated by the trade unions proportionally to the last works council election results (Pichot 2001: 167).
company in 1981,\textsuperscript{339} and the French and European trade union federations to set up a laboratory and a precedent for an EWC directive (Fesser 2000, interview). However, also the management was interested in facilitating its exchanges with the representatives of the employees in European subsidiary companies, on the Group's industrial strategy and the situation of its various activities (Pechiney 1999a: 1). On 17 December 1992 this commission was institutionalised through a French collective agreement at the holding level.\textsuperscript{340} Initially, only four French unions (CFDT, FO, CFDC, CGC), the European metal and chemical workers' federations and two tiny international managerial staff federations signed the agreement. The CGT section of Pechiney hesitated about endorsing the agreement, considering that "Europe is constructing itself against the workers" (Verdier 2000). But some months later, also the CGT section signed the EWC agreement after debates within its national metal and chemical workers' federations. According to the EWC secretary of Pechiney and CFDT delegate Lucien Fesser\textsuperscript{341} (2000, interview), the CGT's lack of enthusiasm does not merely mirror its euro-sceptic thinking. It also reflects organisational concerns. In fact, the CGT – which controlled the majority in the French comité de groupe – feared its isolation at the EU level. Most non-French unions did not want to cooperate with the CGT, until it became itself an ETUC and EMF member. As a consequence, the EWC delegates elected a CFDT delegate, Lucien Fesser, for the EWC-secretary position. Obviously, the CGT was not happy that the CFDT could take advantage of the of the "moyens non contingents alloués au secrétaire" (Verdier 2000: 6).

In 1997, the unions renegotiated the initial EWC agreement with the Pechiney management; with the intention of including the more favourable dispositions of the EWC directive and its French transposition law into the agreement. Although 18 of the 33 workers' representatives of Pechiney's European Information Commission were not French, the 1997 negotiation group

\textsuperscript{339} Incidentally, Martine Aubry, the labour minister who drafted the 35-hour working week law, was, in her position as deputy general director between 1989 and 1991, in charge of Pechiney’s human resource department.

\textsuperscript{340} In doing so, management and trade unions made use of the procedure that the Lois Auroux foresaw for the establishment of the French Groups works council.

\textsuperscript{341} Since 1967 Fesser has been employed as a metalworker ouvrier spécialisé "OS") at the Pechiney Rhenalu plant in Neuf-Brisach (Alsace). Due to his multiple mandates as a worker representative at the local, national and European levels he is practically a full-time union official.
was entirely composed of French unionists. However, also the non-French EWC members took advantage of the EWC and its formal and – even more – its informal information exchange network (Fesser 2000, interview). This exchange was particularly useful for the workers’ representatives from countries with less developed information, consultation and codetermination rights (e.g. the UK), for instance in the case of collective dismissals (ibid.). In turn, also Fesser had a concrete interest in good relations with the non-French EWC members, since he owed his position and the resulting additional resources – i.e. paid working hours for trade union activities – to the votes of the foreign EWC delegates. Yet, he was re-elected as EWC secretary due to the CFDT’s closer international contacts compared to the CGT, that is the largest French Pechiney union. Similarly, neither the CFDT nor the non-French EWC representatives supported the CGT during the 1997 re-negotiations of the EWC-agreement, which requested that not only the EWC secretary, but also the other EWC members should obtain additional paid working time for their EWC activities. The CGT request was seen as not very essential by most non-French EWC members who were already full-time workers’ representatives (Verdier 2000: 6).

The EWC never organised any transnational action, even if Pechiney's "Challenge" programme led to massive collective dismissals. Whereas until its privatisation, Pechiney gave priority to social peace and partnership, although from a paternalistic point of view, it subsequently adopted a more adversarial stance vis-à-vis the unions, despite the increasing number of strikes this implied. In 1998 the management of Pechiney severely opposed the implementation of the 35-hour working week law, which was, ironically, been drafted by the company’s former HR-director, Martine Aubry. As a result the company has, since 1998, unilaterally blocked the yearly wage increases to compensate for the working time reductions. In 2000, this policy led to important, but not very successful, local strike movements.

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342 The European metalworkers’ and with-collar employees’ federations, EMF and EFCGU, had been associated with the negotiations. The French CGT section of Pechiney sent two letters in five languages to the workers’ representatives of Pechiney’s European daughter companies, the first stating its demands and the second the results of the negotiations with the management. The non-French workers’ representatives did not react. In turn, the CGT unionists did not directly call them "because of the language barrier" (Verdier 2000: 6).

3. Algroup’s transnational labour relations

In the Algroup case there is no evidence of any transnational labour relations prior to the adoption of the EWC directive, apart from the participation of Swiss Metal and Watchmaker’s Union (SMUV) representatives in the aluminium IMF working group (IMF 1982: 67). In spring 1996 the central management of Algroup took the initiative to conclude a voluntary agreement according to article 13 of the EWC directive. Although Switzerland was neither a EU nor a European Economic Area member, the EWC directive covered Algroup, given its ample intra-EU/EEA workforce (Baumann 1997; Ziltener 2000).

The Algroup management originally proposed an EWC draft agreement that was similar to the EWC agreements of the Swiss chemical industry, which normally state only weak information rights and do not foresee any direct union involvement. However, the works council representatives (in particular, from Germany) and the European Metalworkers’ Federation rejected Algroup’s first proposition. Eventually, the Dutch Alusuisse-Lonza Europe B.V. (representing the central management within the EU) and workers’ representatives from ten countries concluded an agreement that went beyond the minimal requirements of the EWC directive. The European workers’ representatives succeeded, in particular, in securing the access of three full-time union "experts" to all plenary and select committee EWC meetings at the expense of the management. They also made sure that the EWC agreement also included Swiss and British representatives, even though the original EWC directive did not cover these countries.

The EWC is composed of three members from each of the following countries: Germany, Switzerland and the UK while France, Italy, the Netherlands, Iceland, Spain, Ireland and Austria each have a single member. Within the EWC the German, Swiss and British representatives played a leading role. The select committee of the EWC is composed of its president, a German representative who is also full-time president of the German Group

344 Overall, the directive covered 59 Switzerland-based companies; a considerable number compared to the other industrialised countries such as Germany (274), USA (187), UK (109), Italy (38), Japan (32) and Spain (21) (Danis 1996: 90). Moreover, 29 Swiss multinationals signed a voluntary EWC agreement before September 1996. Among those, only seven did not include either Swiss EWC-members or observers. This is significant number, given the lack of legal constraints to include any Swiss EWC-delegates (Baumann 1997: 62).

345 The three countries each represent more than 20 per cent of the European workforce.
Works Council, its vice-president, a British shop steward of the local Graphical, Paper and Media Union (GPMU)\textsuperscript{346} branch, and a Swiss company-level worker representative. The three external trade union officials also come from the German IG Metall, the British GPMU and the Swiss Metal and Watchmakers’ Union (SMUV). Between 1996 and 1999 the EWC met five times. Although most of its members acknowledged that the EWC is far from becoming a well-organised European actor, they argued that the direct contacts between representatives from different countries made it more difficult for management to play one production side off against the other. Even so, the transnational communication among the EWC members represented a significant problem; not, however, primarily due to language problems and different national traditions, but rather to the asymmetrical work distribution between the EWC’s president, the select committee and the ordinary EWC members. Therefore, the EWC asked the management to provide individual training for EWC-members, especially language courses and use of modern communications technologies, and resources to prepare a training programme for the EWC as a body (Eberwein, Tholen, and Schuster 2001: 90f). At the EWC meeting on 30 May – 2 June 1999 it was eventually agreed that the GPMU representatives would suggest a concrete training package to put to the management at the next EWC meeting in September 1999.\textsuperscript{347} However, the announcement of the APA merger considerably changed the EWC’s priorities, with the effect of pushing the training issue off the agenda.

Until 1999 the EWC did not organise any transnational activity that went beyond its internal meetings. Nevertheless, Eberwein et al. (2001: 94f) reported that the German president and the British vice-president already in 1999 envisaged an increasing role for the EWC in the future, i.e. in the field of collective bargaining concerning collective redundancies. This rather optimistic outlook reflects primarily a learning process in transnational cooperation and

\textsuperscript{346} It seems rather strange that a graphical, paper and media union represents the workforce of an Aluminium company. Yet, as repeatedly in trade union history, the presence of the GPMU within Algroup reflects the initial rather than the actual industry sector of Algroup’s British daughter companies. In fact, these enterprises used to be packing companies, which historically belonged to the paper sector. In our case, the cooperation between the GPMU (which is not an EMF but a member organisation of UNI Europa, the amalgamated European service sector federation) and the other EMF-affiliated unions functioned without difficulty, due to the direct contacts that the union representatives established within the EWC (Eberwein, Tholen, and Schuster 2000: 121).

\textsuperscript{347} Owen Coop, GPMU national officer. \textit{Letter to B. Baur, IG Metall Vorstand. Proposed Training of EWC Representatives, Bedford, 9 August 1999.}
communication among the EWC delegates (ibid.: 99). However, this progress was limited to the functioning of EWC itself and did not concern the workers of the different local production sites. In turn, the local workers’ representatives did not give much importance to the EWC, as acknowledged by the British EWC vice-president (Eberwein, Tholen, and Schuster 2001: 95). Furthermore, the positive outlook of the EWC concerning its future also mirrors a gradually more cooperative approach of the management. Whereas the central management did not inform the EWC about the planned VIAG-Algroup merger before the Financial Times (17.11.1998) revealed it, the company’s CEO, Sergio Marchionne, formally excused himself at the subsequent ordinary EWC meeting (16.02.1999) for this "unpleasant situation", answered readily the questions of the EWC members and agreed to improve the company’s future information policy. The central management, thus, successfully avoided trouble with the EWC and the unions in an unpredictable and difficult merger process. In fact, the EWC did not question the VIAG-Algroup merger’s shareholder-value-orientation, because the EWC did not expect substantial company restructurings or a deterioration of labour-management relations. Thus, most EWC members regretted the failure of the VIAG-merger.

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348 The Algroup EWC, for instance, never drafted any common leaflet or joint declaration for local distribution, in contrast to the Alstom EWC.

349 The Algroup management stated that the merger would engender only a small workforce reduction of 2 per cent. Moreover, this reduction would be achieved though natural fluctuations in the first place. Nevertheless, the management expected synergies of DM 570 millions p. a., due to a more efficient organisation of the company’s production, purchase and financial (tax) operations. In turn, the EWC hoped that the merger could in the end lead to higher job security, given the improved position of the merged company in the market.

350 The latter impression reflects not only the new openness of the Algroup management vis-à-vis its EWC, but also the fact that the new company would be subject to the German codetermination laws, as the central headquarters of VIAG-Algroup were planned to be in Munich.
C. The APA merger trade-union activities

So far, this chapter has analysed the development of the aluminium corporations, Alcan, Pechiney and Algroup, and their transnational labour relations until the APA merger announcement. Here, the results of my in-depth inquiry are presented regarding organised labour’s performance and especially its problematic transnational cooperation after the announcement of the APA merger project. I have interviewed numerous APA unionists, works councillors, union experts and a French business consultant. These interviews have been complemented with a comprehensive analysis of press articles and trade union documents.  

1. Organised labour’s first reactions

The Algroup management informed the select committee of its EWC via a telephone conference one day before the company’s APA press conference on 11 August 1999 about the planned merger project. The secretary the Pechiney EWC, Lucien Fesser, heard for the first time about the merger project "like everyone else on 11 August 1999" (2000, interview) after Pechiney’s official announcement. However, some information about the APA merger plan must have been disclosed before its public announcement, given the 26 per cent rise of the Pechiney shares at the Paris stock exchange in the first days of August before the Wall Street Journal revealed the APA merger plan on 10 August 1999.

Nonetheless, Lucien Fesser acknowledged that the Pechiney management formally respected the EWC directive, as it announced only a "projet de rapprochement" (Pechiney 1999b) and not a "fait accompli". Indeed, the Pechiney executives were – compared to Alcan and the Algroup – most concerned about formally respecting the information and consultation rights of its workers’ representatives. During the secret discussions with the Alcan and the Algroup executives in July and August 1999, the Pechiney executives did not commit themselves to a merger before giving notice to its Works Council. The Pechiney management emphasised vis-

351 I found most of these documents in the APA records of the IG Metall Vorstand in Frankfurt am Main. Moreover, I received additional documents from the French unions CFDT and CGT, the Swiss SMUV, the EMF and from other available sources.

352 This led to speculation about illicit insider trading activities, especially because such activities already happened in 1988, prior to Pechiney's acquisition of American National Can (Chauvel 1999).
à-vis its merger partners that this consultation would only be a formality with no effects for
the merger, "but a necessity nonetheless, without which no merger agreement could be
signed" (Wright 2000: 46). Although EU labour law required that all three companies inform
and consult their EWCs before the merger decision, Pechiney would have faced severe
punishment if it infringed these consultation rights. In fact, according to French labour law the
non-consultation of the workers’ representatives could even constitute a délit d’entrave that is
a crime punishable by imprisonment.

Eventually, the company executives decided to split the APA merger into two distinct
transactions. Whereas the Alcan and Algroup executives signed a merger agreement on 11
August 1999, the signature of the corresponding Alcan-Pechiney merger agreement merger
was postponed until 15 September 1999. Due to this postponement Pechiney could formally
respect its consultation obligations, without having to inform the Pechiney workers’
representatives beforehand. Likewise, Pechiney’s president and CEO\(^{353}\) only consulted the
major board-level shareholder representatives – such as Etienne Davignon\(^{354}\) – and not the
whole company board (Conseil d’administration), before formally requiring the approval of
the APA merger project at the board meeting of 15 September 1999. Despite the fact that
union representatives were part of the Pechiney board, no preceding information about the
merger project was made available to them.\(^{355}\)

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\(^{353}\) The président directeur-général of a company enjoys wide discretionary powers. This reflects the French,
centralised approach of (entrepreneurial) decision-making (Altmeyer 2001b: 146).

\(^{354}\) Etienne Davignon is chairman of the largest Belgian finance holding, the Société Générale de Belgique.
Moreover, he was as EU-Commissioner in charge of the internal market and industrial policy (1977-1985).
As Commissioner he initiated both the European Roundtable of Industrialists and the single market project.

\(^{355}\) In contrast to Germany, France is frequently described as a country without effective board level
codetermination rights. Even if this description is mostly correct, it is not always precise enough. Already the
French labour statute of 1946 foresaw the delegation of two (or four) works council representatives in the
conseil d’administration, however, without voting rights. In 1966, the Law 66-537 limited the number of the
voluntary union representatives to one-third of the seats in both the conseil d’administration and the conseil
de surveillance. In 1983, the trade union representation in the conseil d’administration became compulsory,
but only for the nationalised enterprises. Even after their privatisation, the unions continued to be present in
the boards of many companies, including in the Pechiney case. In case of Aventis, this practice even partially
survived an transnational company merger (Aronssohn 1999; Bischoff and Jaeger 2001).
It is worth noting that Etienne Davignon had chaired an influential EU expert group, which encouraged the participation of workers’ representatives on boards of the future European Company (SE). The report of the Davignon group led to the adoption of the “Directive supplementing the Statute for a European Company with regard to the involvement of employees” (2001/86/EC). Therefore, the DGB awarded in 2001 its highest prize to him, the Hans-Böckler-Preis. Given the Pechiney case where the leading directors simply bypassed the workers’ representatives of their supervisory board, Davignon’s support of co-determination acquires a less union friendly connotation: in fact, board-level workers’ representatives cannot limit the economic nor the international actions of a company, as tellingly said by Davignon.

The APA merger plan worried most EWC representatives and unionists, but some unions publicised their fears much more than others. The APA merger plan immediately generated a very critical front-page article in the weekly magazine of the French CGT union, l’hebdo/V.O.. Its opening lines clearly revealed a very negative perception of the merger:

"Le métal blanc n’échappe pas au Monopoly planétaire. Gros actionnaires et spéculateurs s’en félicitent. Mais la disparition annoncée de Pechiney au sein du nouveau group APA signifie l’abandon d’activités, la fermeture de sites, la suppression d’emplois" (Chauvel 1999: 5).

By contrast, the IG Metall monthly magazine, metall, attributed only a few lines to the announced APA merger and its probable social consequences; and this, only in its regional supplement for Baden-Württemberg. Nevertheless, also in this article a critical view of the APA merger prevailed:

356 On 8 October 2001 the Council adopted the “Regulation on the Statute for a European Company.” This Regulation gives companies the option of forming a European company, namely a Societas Europeae (SE), which will be able to operate on a EU-wide basis directly under EC law.

357 The directive did not determine a compulsory model of board-level co-determination, but stipulated that each company should negotiate its own agreement with its workers’ representatives. If agreement cannot be reached, the directive nonetheless secures worker involvement if a minimum percentage of employees from the entities coming together to form the SE previously enjoyed worker involvement provisions.

358 "Ich bin Mitglied des Aufsichtsrat des von BASF. Und ich muss sagen, dass die Beteiligung der Arbeitnehmervertreter und Gewerkschaften in diesem Gremium bislang weder die wirtschaftlichen noch gar die internationalen Aktivitäten dieses Unternehmens behinderten" (Davignon 2000: 55).

This different attention may reflect the larger number of concerned employees in France (Pechiney 16,177; Algroup 1,699; Alcan 37) compared to Germany (Algroup 4,529; Alcan 2,485; Pechiney 1,483). However, the Swiss media also covered the APA merger widely, despite an even smaller number of employees concerned (Algroup 3,026, Alcan 350). This suggests that multinational companies arose more interest in their countries of origin than abroad. Indeed, the disappearance of a national flagship company apparently motivated many Swiss and French journalists to cover the APA merger. Consequently, the German president of the Algroup EWC, Heinrich Holl, followed the Swiss rather than the German television videotext news concerning the APA merger.

The EWC presidents of Alcan and Algroup and the EWC secretary of Pechiney requested from their managements without delay, the organisation of extraordinary EWC meetings in order to discuss the APA merger. All three companies executives supported these demands and arranged the requested extraordinary EWC meeting in cooperation with the respective EWC leaders. In the Algroup case, the date for the extraordinary EWC meeting (25/26

359 APA: European APA subsidiaries (draft, 26 January 2000). This overview does, however, not include the personnel of the important German Alunorf rolling plant, which is a 50-50 joint venture of Alcan and VIAG.

360 I.e. the Swiss trade union press as well as the Swiss media as a whole.

361 Both Swiss and French newspapers made use of a rather nationalstic vocabulary. Whereas the liberal Swiss SonntagsZeitung condemned the disguised clearance sale of the traditional Swiss enterprise (Siebenmann 1999), the French communist daily L'Humanité deplored the eclipse of the French aluminium industry (12.08.1999).

362 Cf. Protokoll der ausserordentlichen Sitzung des Europäischen Betriebsrates Algroup vom 26.08.1999, p. 11. Like most German Algroup workers, Holl works in Singen, a small city that is located only some kilometres north of the Swiss border. Therefore, he can receive the Swiss Television without any problem.

363 Whereas the Alcan and Algroup EWC had adopted the "German" works council model according to which a worker representative holds the EWC's presidency, the Pechiney EWC had adopted the "French" model, in which the management representative formally holds the EWC "presidency", while the leading worker
August 1999) was agreed only some hours after the APA merger project announcement. The three executives, however, were interested in acting in accordance with the EC labour law and in preventing as much conflict as possible during the complicated merger process.

The transnational union cooperation went, however, beyond the scope of each EWC of the three multinational companies. Already on 12 August 2002 Alfred Eger, the Swiss Metal and Watchmakers’ Union (SMUV) official and union expert of the Algroup EWC, confirmed that the leaders of all three EWCs supported the idea of organising a joint meeting in the framework of the EMF. Moreover, Eger reported that everybody agreed that a group of about three EWC members and one union official per corporation should discuss:

- the consequences of the merger for the employees, the plant locations and the products of the three companies,
- the question of information and consultation between management and labour as well as between the workers’ representatives of the three corporations,
- the possible forms of one or more new EWCs.

Incidentally, all recipients of Eger’s fax were German native speakers, including the French EWC secretary, Lucien Fesser, due to his Alsatian origins. The CGT EWC delegate of Pechiney and the British and Italian EWC representatives of Alcan were not directly approached by Eger. In contacting only to the EWC leaders, he assumed that they would

representative is the "EWC secretary". Hence, the position of the "German" EWC president is functionally equivalent to the position of the "French" EWC secretary, and not to the "French" EWC president. Therefore, I use the generic term "EWC leader" for both the "German" EWC president and the "French" EWC secretary, in order to avoid linguistic confusion. Incidentally, Pechiney’s human resources director, Gilles-Pierre Levy, has also used this terminology, whereas the German EMF and IG Metall unionists, Kuhlmann and Baur, frequently use the term "EWC president", generically in the German sense. However, it would be misleading to suspect any nationalistic motivations behind their ethnocentric use of the term "president". Germans might wish to avoid the proposed alternative phrase "leader" precisely because of the strong Nazi connotation of the term "Führer".

364 Fax of A. Eger, the union coordinator of Algroup and Swiss SMUV union official, to the EMB secretariat, the EWCs and trade union coordinators of Alcan, Pechiney and Algroup, 12.03.1999.

consult their fellow EWC members themselves. However, it later turned out that this assumption was only partially correct.

Nevertheless, also the French CGT emphasised the need of a transnational cooperation between the unionists of the three APA corporations. The CGT representative in Pechiney’s *Conseil d’administration*, Claude Labbé,\(^{366}\) announced that the CGT would contact the Swiss and the Canadian unions in order to facilitate a joint trade union reaction:

"Et lors d’une émission de radio à laquelle je participais, le patron d’Alcan et du future APA a déclaré que les problèmes de fermetures de sites et d’empois se poseraient surtout en Europe. Il faut surtout qu’ils se posent nulle part. Se rapprocher, d’accord, travailler ensemble d’accord mais pour mais pour développer et répondre aux besoins et non pour casser. Nous allons prendre contactes avec les syndicats canadiens et suisses et tenter de réagir ensemble." (Labbé 1999: 7).

After the announcement of the APA merger project, the leaders of the three EWCs and the French (CGT, CFDT), the German (IG Metall) and the Swiss (SMUV) EMF unions agreed to cooperate with each other both across national and the company borders. But, on 19 August 1999, they postponed an agreed EMF meeting, to await the results of the three extraordinary EWC meetings of Alcan, Pechiney and Algroup as well as the "aluminium working group" meeting of the International Metalworkers’ Federation (IMF), which had – by chance – already scheduled before the APA merger for 27 and 28 September 1999 in Geneva. At this occasion, the European APA workers’ representatives planned to discuss the transatlantic APA merger case as well with the US and Canadian Alcan delegates from the United Steelworkers of America (USWA). Moreover, the three EWC leaders agreed that each EWC should require at the occasion of its extraordinary meeting a "continuous information policy" in the transitional period until the establishment of a new APA EWC from its management.\(^{367}\)

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\(^{366}\) He works as a computer operator at the Pechiney Rhenalu plant in Neuf-Brisach (Alsace).

2. The first extraordinary meetings of the three EWCs

Already at the first press conference the three APA multinationals had already announced a reduction of the workforce of five per cent. Obviously, the European workers’ representatives of three companies were interested to know, if the managements had already designed a detailed collective dismissal plan and, if so, which plants would be most affected by it. Moreover, the EWCs tried to examine whether they could, if not avoid, reduce the scope and social consequences of the announced job cuts. This issue became the key question of the workers’ representatives at the first extraordinary EWC meetings. Nevertheless, the local worker representative did not simply use the EWC as a means to obtain useful information to further local interests, but also as a tool to foster a coordinated transnational response of organised labour to the redundancies the APA may imply.

a) The EWC meeting of Algroup

The EWC members of Algroup arrived at the extraordinary meeting well prepared in Vlaardingen near Rotterdam on 26 August 1999. In addition to the official invitation of 11 August 1999, all EWC members received a further preparatory document some days later. It had been drafted by the EWC trade union "expert", Alfred Eger, and contained a questionnaire for each Algroup EWC member as well as a provisional catalogue of questions and requests to be addressed to the management.

The questionnaire sought to gather the following information for each Algroup plant: representative trade unions, union membership, works council (yes/no), number of production workers, number of white-collar employees, total workforce, way of production, most important products, total production, capacity, turnover, actual investment, planned investment, system of shifts, weekly working hours, yearly working hours, main shifts, total operation hours of the plant, paid holidays, public holidays. According to Eger, these issues would be of special interest in view of a possible concerted action with the EWCs and unions of Pechiney and Alcan. The preparatory document emphasised the importance of a

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368 H. Holl, EBR Algroup, Brief an den EBR, Singen 18.08.1999.


370 The catalogue of questions and requests of questions focussed on: the future company structures and culture,
continued involvement of the existing three EWCs until the conclusion of a new agreement. It stated that a new EWC agreement could constitute separate EWCs for each business division. However, it should guarantee the same achievements as the Algroup EWC agreement, “the best of the three EWC agreements”, due to the involvement of full-time union officials as EWC experts. Eventually, the EWC workers’ representatives finalised the catalogue of the questions and requests at the preparatory meeting on 25 August 1999 in Vlaardingen and fixed the EWC’s strategy for the subsequent EWC meeting the management.

The next day, at the EWC meeting the management was confronted with a well-coordinated set of questions and requests, which had been presented by the EWC delegates and experts from the British GPMU, IG Metall and SMUV. Algroup’s CEO, Sergio Marchionne tried to answer the precise questions as extensively as possible. In turn, the Algroup EWC acknowledged that the management improved its information policy compared to the earlier VIAG merger project even though the EWC members were not pleased to learn that the major “synergy effects”, or job cuts in other words, would occur in Europe, and mostly in Germany, France and Britain.

In turn, the EWC urged Sergio Marchionne, who was also designated APA director in charge of human resources, to guarantee a wide-ranging involvement of the workers’ representatives during the whole merger process. The Algroup EWC proposed the conclusion of a European employment pact (Beschäftigungspakt), between the management and the European workers’ representatives of the three companies. The president of the Algroup EWC acknowledged that it would not be possible to prevent plant closures, but precisely for that reason, he stressed the importance of an employment pact. This pact should include transnational re-qualification schemes in order to increase workforce mobility across national borders. This would be of specific interest for the three national Upper Rhine-valley area (Alsace, Baden-Württemberg and Northern Switzerland), where all three APA corporations run operations in the same business areas. Eventually, the pact could also regulate the social issues that were on the consequences of the merger for the employees and the various plant locations as well as the information and consultation of the three EWCs during the merger process. *Ibid.*: 1.

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agenda anyway; such as incentive systems, part-time work schemes for elderly workers as well as the introduction of new working time models.

In the eyes of the Algroup EWC, the adoption of such a transnational job security agreement (Vereinbarung zur Beschäftigungssicherung) represented an important trust-building measure, to prevent intra-company conflicts. Nevertheless, the Algroup EWC was fully aware of the different national laws and practices as well as the existing animosities between different national employee organisations. However, it argued that these difficulties would not preclude the adoption of a European APA employment pact. In fact, seeking solutions through job security arrangements matched the collective action repertoire of all major Algroup trade unions; the British (GMPU), the German (IG Metall) as well as the Swiss (SMUV).

Although Sergio Marchionne did not completely exclude the adoption of a transnational job security agreement, he called for a "more realistic approach". While signalising his interest in cooperative labour relations, he also strongly emphasised the ultimate objective of the merger process, namely an increased competitive position of the company. At the end of the meeting, however, Sergio Marchionne took up a proposition of the IG Metall expert, Bertold Baur, which consisted in the establishment of a joint APA management-EWC representatives working group. Moreover, Marchionne undertook to explain Algroup’s "cooperative company culture" to the CEOs of Alcan and Pechiney and future APA leaders, Bougie and Rodier, while the EWC representatives declared that they would contact the EWC of the these two companies. Even so, Marchionne also emphasised that he could not guarantee that Algroup’s "cultural values" will survive the merger, although he would do his best as head of the APA Human Resources Committee.

On 1 September 1999, the EWC union expert, Alfred Eger, informed Alcan’s and Pechiney’s EWC leaders and the EMF about Algroup’s EWC meeting. He urged his colleagues also to raise the following four requests, which the Algroup EWC formulated during its internal follow-up meeting on 26 August 1999 after having met the Algroup management:

1. the conclusion of a joint transnational job security agreement;
2. the creation of a joint working group, composed of representatives of the three EWCs, the unions concerned and the management of the three companies, to monitor the merger process as well as to negotiate job security and a new EWC agreement;
3. the convocation of a joint plenary session of all three EWCs;
4. and the creation of a World Works Council.\(^{373}\)
Alfred Eger also proposed that all three EWCs should write a joint letter to the three
managements. Finally, he emphasised the need of joint public relation activities to increase
the pressure on the management, however, without making any concrete proposal. Likewise,
the president of the Algroup EWC wrote a letter on 21 September 2001 to Algroup’s CEO, in
which he stated clearly and substantiated the four requests of the EWC to the management.\(^{374}\)

b) Pechiney’s Group and European works council meetings

The CEO of Pechiney and designated president and chief operation officer of APA, Jean-
Pierre Rodier, did not present any supplementary information to the workers’ representatives;
either at the extraordinary French Group Works Council (31.08.1999)\(^{375}\) or at the
extraordinary EWC meeting (07.09.1999).\(^{376}\) Nevertheless, Lucien Fesser had the impression
that Jean-Pierre Rodier would be willing to cooperate with the EWC, the local works councils
and the unions. If this was not the case, Fesser suggested that the workers’ representatives of
all three corporations should get in touch with the international media.\(^{377}\)

Despite the rather limited information that the management made available at the European
and French works councils meetings, the workers’ representatives of Pechiney quickly
acquired an initial overview of the locations, main products and potentially redundant
activities of the three APA companies in Europe, due to a preliminary study of their works
council consultancy firm, Groupe Alpha. French labour law allows works councils to refer to
a consultancy firm of their choice at the expense of management, to acquire an autonomous
analysis of the company’s annual accounts and its extraordinary collective dismissals plans

\(^{373}\) A. Eger, SMUV Zentralsekretariat, Telefax an alle nachfolgend erwähnten Kolleginnen und Kollegen,


\(^{375}\) L. Fesser, Secrétaire Comité d’entreprise Européen Pechiney, fax à l’attention de FEM (I. Barters/R.
Kuhlmann), Algroup (A.Eger), Alcan (H. Buchter), Neuf Brisach, 02.09.1999.

\(^{376}\) L. Fesser, Secrétaire Comité d’entreprise Européen Pechiney, fax à l’attention de FEM (I. Barters/R.
Kuhlmann), Algroup (A.Eger), Alcan (H. Buchter), Objet: Compte rendu succinct de la réunion du CEE

\(^{377}\) A. Eger, SMUV Zentralsekretariat, Telefax an H. Holl (EBR Algroup) und B. Baur (IG Metall), Betreff:
Alcon (sic!) Pechiney AL-group: Bern, 10.09.1999, 2.
(Clavel-Fauquenot and Marignier 2000). This represents an essential power resource of the French labour movement, all the more because works councils frequently appoint union-related consultancy firms that have great experience with labour issues. The consultancy firms, in turn, also please company executives as they would enhance the awareness of workers’ representatives regarding the constraints of doing business, which would make them much more willing to accept change, as stated by the chairman and CEO of Saint-Gobin (Beffa 2001).

The Pechiney EWC identified positive and negative points in its first assessment of the APA merger. As Pechiney was “not in a very good condition”, the EWC hoped that the merger could contribute to a positive business development. However, the EWC was also very worried that APA would concentrate its future investments in low wage countries, i.e. in Asia (Fesser 2000, interview).

According to a note of EWC expert of Algroup, Alfred Eger, the Pechiney EWC also responded "very positively" to the Algroup EWC proposal concerning the cooperation of the EWCs. However, the declarations of the CFDT Pechiney delegates and the succinct protocols of the French Group Works Council and the extraordinary EWC meeting did not enclose a reference to the most ambitious Algroup EWC request, i.e. to engage in a transnational negotiation about a European APA employment pact. In turn, the Pechiney EWC forwarded its Alpha Secafi report to the EWCs of Alcan and Algroup and suggested that it serve as a background paper for the necessary joint meeting of the select committees of the three EWCs.

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378 It is worth noting that the CGT-related Groupe Alpha and the CFDT-related consultancy Syndex employ more staff than the these two unions combined (Jouvet 2000, interview).

379 However, the links of these consultancies to a specific union is decreasing. Given its long-lasting expertise in the aluminium industry, Pechiney’s CFDT EWC secretary preferred Groupe Alpha despite its traditional attachment to the CGT (Fesser 2000, interview).


c) The extraordinary EWC meeting of Alcan (08.09.1999)

Although the Alcan management has not been able to spell out the concrete employment consequences of the APA merger, the EWC was satisfied generally with the information the management provided during the EWC meeting on 8 September 1999. Furthermore, the Alcan EWC workers’ representatives also discussed the reports from the earlier EWC meetings of Algroup and Pechiney and agreed to establish a joint working group of the three EWCs in the framework of the EMF. One of its first tasks should be the identification of the overcapacities within the three companies. Subsequently, the establishment of these facts and figures should lead to the adoption of a joint European strategy. Only at this point, should the select committees of the three EWCs envisage a plenary meeting of all EWCs. Finally, the Alcan EWC also agreed to request from the three managements the opening of transnational negotiations about a European APA employment pact. In addition, the Alcan EWC emphasised that the workers’ representatives should demand the establishment of one or more European APA companies, to preserve the actual systems board-level codetermination and to strengthen the European daughter companies with regard to the Canadian mother company.382

According to the IG Metall official and Alcan EWC trade union coordinator, Detlev Kiel, the management emphasised its interest in a cooperative management of the merger process, and any solution that would avoid unrest at the local plant level. Therefore, Kiel argued that a common strategy of all three EWC’s would be an urgent necessity, especially with respect to the employees of the diverse company locations:

"Aus den gemeinsamen Diskussionen mit dem europäischen Management von Alcan konnten wir das Gefühl gewinnen, dass das Management ein großes Interesse an einer Zusammenarbeit hat und alles vermeiden möchte, was Unruhe in die jeweiligen Standorte bringen könnte. [...] Insgesamt sind wir der Auffassung, dass wir dringend und kurzfristig eine gemeinsame Strategie erarbeiten sollen, um auch gegenüber den Arbeitnehmern der jeweiligen Standorte eine klare Linie aus Sicht der Gewerkschaften und der Arbeitnehmervertreter zu haben."383

A close comparative reading of the EWC meeting reports revealed that Algroup and Alcan EWCs explicitly favoured European negotiations about a transnational APA job security

382 Cf. the fax of D. Kiel, the IG Metall official in charge of Alcan EWC, to B. Baur, IG Metall Vorstand, Schönebeck, 10 September 1999.

383 Ibid., 2.
agreement, in contrast to the Pechiney EWC. This difference mirrored not only different experiences with the negotiation of "job security agreements", but also, more fundamentally, divergent understandings of the actual role of [European] works councils. According to the "German" model, which was dominant within the Algroup and Alcan, a works council usually tries to negotiate an agreement with the management, to limit the social consequences of company restructurings.\textsuperscript{384} In contrast, according to the French model, works councils are only consultation \textit{forums}, as the negotiation of agreements is a prerogative of the unions.\textsuperscript{385}

Nonetheless, the European workers' representatives of all three companies agreed to meet each other in the framework of the European Metalworkers’ Federation in order to set up a joint strategy. Despite diverse trade union traditions and the apparent competition for local production capacities, the leading EWC representatives and unionists of all three companies agreed to balance the diverse parochial interests in order to increase the overall influence of organised labour in the APA merger process. This represents a considerable achievement, in particular when one compares it to the transatlantic trade union coordination attempt in the framework of the International Metalworkers’ Federation, which failed completely.

\textsuperscript{384} German works councils can conclude agreements (\textit{Betriebsvereinbarungen}) with the management about all issues “except remuneration and other conditions of employment that have been fixed or are normally fixed by collective agreement” (Section 77 (3) Works Constitution Act).

\textsuperscript{385} But this principle has been questioned, by the recent introduction of the so-called "\textit{mandatement}" procedure in French labour law. According to this procedure an employer can negotiate a collective agreement with an employee who is not a union member, provided that one of the five legally recognised unions eventually endorses the agreement.
Towards European cooperation (and transatlantic competition)

In September 1999 a delegation of two Alcan company-level unions from Quebec, which were affiliated to the United Steelworkers of America (USWA), visited the workers’ representatives of Pechiney in France (Fesser 2000, interview). At this meeting the USWA delegates of Alcan and the French CFDT, CGT, CFE CGC and FO delegates of Pechiney drafted a statement, in which they affirmed their determination to join efforts in preventing the announced 4,500 job cuts and in reorienting the APA merger project in the interest of the workers. However, only some days later the USWA boycotted the aluminium working group meeting of the International Metalworkers’ Federation, as it would be "premature" to discuss the APA merger case. On 22 September 1999 the IMF secretariat distributed a provisional agenda for its aluminium working group meeting on 27 and 28 September 1999 in Geneva. It suggested the creation of a code of conduct and World Company Council for APA. But the introduction of these topical issues in the IMF working group meeting did not please the USWA. Deprived of the participation of its leading North American affiliate, the IMF eventually had no choice other than to cancel the meeting.

Two years later at a USWA aluminium conference on, held in Las Vegas on 5-7 March 2001, a Canadian Alcan delegate acknowledged that they were told that the post-merger job losses would take place in France and Switzerland and not in America. But when they contacted the unions in these countries, they found that their management played off workers in one country against those elsewhere. As a result, Alcan workers would plan to meet in Quebec in April 2001 to establish a World Company Council, as reported by the IMF (KL 2001). But the Alcan EWC never heard anything about such an effort (Eger 2002, interview).

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386 I.e. the Syndicat National des Employés d’Aluminium d’Arvida (SNEAA) and the Syndicat des Employés de l’Aluminerie de Bécancour (SEAB).

387 P. Reinbold (CFDT Pechiney): SNEAA, SEAB, CFDT, CGT, CFE CGC, CGT FO [joint declaration], Hessenheim, September 1999 attached to: P. Reinbold: ESSAI-PRÜFUNG, letter to F. Strobel and H Buchter (EWC Alcan); W. Hemmer and B. Baur (IG Metall); H. Holl (EWC Algroup); A. Eger (SMUV); I. Barthes R. Kuhlmann (EMF); C. Levesque (SNEAA, Jonquières-Québec); D. Niquet (SEAB, Beancour) and G. Morency (Québec), without date, October 1999.


389 Likewise, Eger failed to encourage the aluminium working group of the IMF to support an international trade
Transatlantic union cooperation faced much more resistance than the intra-European cross-border cooperation. The rhetoric of the USWA in its successful 2001/2002 campaign against "unfair trade" and in favour of a protective 40 per cent tariff on steel imports further underpins this observation. After praising the US-workers, "who gave their sweat, their blood and even their lives to make this country as strong as steel" (USWA 2002: 1), the USWA president, Leo W. Gerard, characterised the foreign producers as illegal foreign dumpers:

"We’ve got an employment policy for illegal foreign dumpers. That's not competition, and it’s sure as hell not ‘free trade’. That's industrial suicide -- and we're not about to let this nation commit industrial suicide so other nations can keep exporting their unemployment to the United States" (USWA 2002: 2).

Clearly, the USWA considered that an appeal to national solidarity would best serve the interest of its members. Considering the patriotic political climate in the US, this was not very surprising. In contrast, the North American unions, including the USWA, actively supported the anti-globalisation protest movements and adopted the language of international solidarity (Greven 2003; Harrod and O'Brien 2002). But most international cooperation projects of the USWA concerned countries of the American hemisphere. It follows that transnational cooperation and American-protectionism are not mutually exclusive. The USWA successfully lobbied the George W. Bush administration to exempt Canada from the protective steel tariffs of the US, which ironically highlighted for the head of Canadian USWA branch Lawrence McBrearty, the importance of “transnational” unionism:

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union exchange programme between Brazilian and European aluminium workers (Eger 2002, interview). In October 2000 three aluminium industry unionists and one environmentalist from the Amazon region visited Swiss and German Algroup plants and met several Swiss, Austrian and German unionists, including Algroup’s EWC president (Missbach 2000b). The aim of this exchange was to raise the attention of the European aluminium industry unionists and the general public to the huge social and ecological problems of the aluminium production process in Brazil (Anderegg 2000; Solifonds 2001; Missbach 2000a).

390 This also applies for the trade policy of the Bush administration. It would hardly have won a majority in both houses of Congress restoring the fast-track authority of the US-Government in international trade negotiations, without previously buying off some of the "beleaguered industries" (Blustein 2002).
"Et, malgré que nous ayons réussi aux États-Unis à obtenir que le Canada soit exclu des mesures commerciales américaines, cette victoire nous a rappelé l'importance de notre Syndicat international" (McBrearty 2002).

Regional networks, like the US/Canadian USWA or the EMF and EWC structures, provide a better frame for cross-border cooperation than the International Metalworkers’ Federation. However, it would be a mistake to explain these differences merely as a lack of material resources of the IMF. Indeed, the comparison of the annual budgets of the EMF and the IMF indicates that the IMF has much more money at its disposal than its European counterpart. The Europeanisation of the APA unionists reflects primarily the existence of European institutions, such as the EWC and the Commission (see below), as well as the Euro-centric, rather than internationalist, consciousness of many national union representatives. Likewise, the IG Metall official and EMF coordinator of the Alcan EWC, Detlev Kehl, emphasised that European cooperation would be the only feasible way, to contain the influence of the American APA managers. Conversely, precisely this “Euro-centrism” irritated the French CGT delegate and Pechiney EWC member, Claude Verdier (2000), who was at ease with national and international, but not so much with European, solidarity, as is reflected in the history of his organisation (Groux and Mouriaux 1992; Mouriaux 1982).

Following the annulment of the IMF aluminium working group meeting, the EMF invited the select committees of the three APA EWCs to an ad-hoc meeting on 22 October 1999 in Brussels. According to the draft agenda, this meeting was meant not only to exchange information, but also to adopt a joint strategy of organised labour vis-à-vis the APA corporations and the European Commission’s merger control inquiry. In contrast to the Mannheim seminar in the ABB Alstom case, the EMF did not cover the travel costs of the invited delegates, because the EMF could not allocate respective Commission funds. Moreover, the EMF could only provide simultaneous translation in French and German, and consecutive translation in English. Nonetheless, these limited resources did not represent an

391 D. Kiel, IG Metall, fax to B. Baur, IG Metall Vorstand, Schönebeck, 10 September 1999.

insurmountable obstacle, since the APA corporations reimbursed the travel expenses of their EWC representatives.

In anticipation of the EMF meeting in Brussels, the EMF coordinators of the three EWCs\textsuperscript{393} met the representatives of the three consultancy firms on 12 October 1999,\textsuperscript{394} which had been engaged by the French Pechiney and the German Alcan and Algroup group works councils. At this meeting it was agreed to draft a joint research project to identify the overlapping business activities of the three APA companies, their overcapacities and the potential social and employment consequences of the merger.\textsuperscript{395} Incidentally, the first \textit{Groupe Alpha} study had revealed that the expected post-merger APA restructuring programmes threatened more than the announced 4,500 jobs.\textsuperscript{396}

Moreover, on 11 October 1999 the Commission declared that the merger notification of the three APA companies would be insufficient and required additional information.\textsuperscript{397} It invited third parties to address themselves to the Commission within a period of 10 days. This notice triggered the IG Metall official, Bertold Baur, to suggest to the EMF general secretary that he should immediately contact the Commission and emphasize this issue in the subsequent EMF meeting on 22 October 1999.\textsuperscript{398}

\begin{footnotesize}
\begin{itemize}
\item[393] B. Baur (IG Metall, Algroup), D. Kiel (IG Metall, Alcan) and L. Fesser (CFDT, Pechiney).
\item[394] I.e. \textit{Groupe Alpha} (Pechiney 1999a), \textit{ISA Consult} (Alcan) and \textit{IMU Institut} (Algroup).
\item[395] The project consisted in a matrix analysis of the APA business divisions (bauxite/alumina; aluminium fabrication; health/beauty packaging and food packaging) and production sites. It involved an analysis of quantitative data as well as qualitative interviews with union, works council and company officials. Cf. Secaf Alpha: \textit{Projet d’Organisation des missions APA: Document de travail à l’attention d’ISA Consult et IMO Institut}, 21 October 1999 and \textit{Arbeitsdokument von Alpha, ISA CONSULT und IMU Institut: APA-Fusion}, 26 October 1999.
\item[397] \textit{Pechiney Direct news}, n°357, 28. September 1999, 1.
\end{itemize}
\end{footnotesize}
Moreover, the German works councils of the three APA companies met each other on 15 October 1999 to discuss a joint strategy, in anticipation of the mentioned EMF meeting.\textsuperscript{399} In addition, on 18 October 1999 Swiss and German unionists attended the extraordinary general assembly of Algroup in Zurich, distributed leaflets and urged the executives to seek a conciliation of the shareholders’ and the stakeholders’ interests to the advantage of both sides.\textsuperscript{400} Equally, the \textit{comité de groupe} of Pechiney France met again on 20 October 1999. However, whereas the joint statement of the German Algroup, Alcan and Pechiney works councils explicitly hailed the creation of a joint EMF "APA strategy committee", only the Algroup workers’ representatives explicitly emphasized the need of a joint transnational job security agreement. In turn, the summary that the CFDT drafted after Pechiney's French group committee meeting, only listed the negative consequences expected of the APA merger for Pechiney,\textsuperscript{401} without referring to any national or transnational union strategy to counter them.\textsuperscript{402} But also the CFDT delegates were interested in transnational union cooperation. For instance, the CFDT delegate Patrick Reinbold from the Pechiney plant in Neuf-Brisach sent the joint French-Canadian union resolution cited above and several newspaper articles and documents to the workers’ representatives of Alcan and Algroup.\textsuperscript{403}

The actual EMF meeting of the 22 October 1999 was reasonably productive.\textsuperscript{404} The EWC and European trade union representatives from the three corporations agreed:

\textsuperscript{399} GBR Alcan/KBR Algroup/GBR Pechiney: \textit{Betriebsratsinformation über die Fusion von Alcan, Pechiney und algroup}, Singen, 15 October 1999.


\textsuperscript{401} Namely, the announced closure of two of Pechiney's aerosol plants in Germany and Sweden and the expected overcapacities in aluminium rolling sector that could threaten one of the two big rolling plants, i.e. either the Pechiney plant in Neuf-Brisach (400,000 t capacity) or the Alcan/VIAG plant in Norf (700,000 t).


\textsuperscript{403} P. Reinbold: \textit{ESSAI-PRÜFUNG}, letter to: F. Strobel/H Buchter (EWC Alcan); W. Hemmer/B. Baur (IG Metall); H. Holl (EWC Algroup); A. Eger (SMUV); I. Barthes/R. Kuhlmann (EMF-FEM); C. Levesque (SNEAA)/D. Niquet (SEAB)/G. Morency (Maschino, Boivin, and Laflamme 2001), without date, October 1999.

\textsuperscript{404} FEM: \textit{résultats de la réunion APA du 22 octobre}, attached to: R. Kuhlmann (EMF) \textit{fax à l’attention de B.}
1. to acquire an analysis of the social consequences of the APA merger from the three trade-union related consultancy firms mentioned above. Each firm should be in charge of one company, while Groupe Alpha should coordinate the whole research project. Given that the European labour law does not oblige the companies to pay for such an analysis, the EMF meeting requested the French Pechiney, the German Alcan and German Algroup works councils to require the remuneration of this study at the national level; according to the French and German labour law.405

2. to establish an EMF working group composed by two representatives per company, later called the "group of six", in charge of drafting a new APA EWC agreement. The draft should be based on the prior practical experience of the three EWCs, although without simply endorsing one of the three existing EWC agreements. It was agreed that a general assembly of all three EWCs shall finally ratify the new draft agreement;

3. to write a joint letter to the European Commissioner in charge of competition policy, Mario Monti, requesting a meeting with him to discuss the grave concerns of the employees concerning the APA merger;

4. to write a joint letter to the CEOs of the three APA companies, requesting an joint extraordinary meeting of the three EWCs with the central managements;

5. to mandate the "group of six" to negotiate a transnational job security agreement, i.e. a pact that would guarantee employment and the continuing operation of all local plants, with the central managements prior to the actual merger. Two days before the Brussels meeting, Alfred Eger had already drafted a preliminary four-page outline of such an agreement. It required a comparison of all competitive advantages and disadvantages.

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406 Namely, Fesser (EWC Pechiney, CFDT), Verdier (EWC Pechiney, CGT), Holl (EWC Algroup, IG Metall), Baur (IG Metall expert, EWC Algroup), Zwick (EWC Alcan, IG Metall) and an additional Alcan EWC delegate.
of each plant, to be carried out by both the management and the joint working group of the three EWCs. Hence, the Algroup EWC expert accepted that transnational comparisons would represent the decisive benchmark for the post-merger company restructurings. In turn, the draft agreement also aimed to limit “social dumping”. Therefore, it stated that a transnational transfer of employment to another plant needed to have the consent of the joint working group of the three EWCs if the respective employment-, wage-, and social conditions differed more than plus or minus 10 per cent. If collective dismissals proved to be indispensable, the compensations of social plans should also not differ more than plus or minus ten per cent. Eventually, the draft agreement also required additional measures with the intention of increasing the qualification and the flexibility of the workforces, such as retraining.  

6. to write a common leaflet about the results of the APA meeting of the EMF, which should be distributed in the different locations of the APA companies in Europe. In contrast, the EMF meeting did not decide any joint collective action. Ironically, Alfred Eger, who is an official of social-partnership oriented SMUV, originally suggested that a joint demonstration or a European day of action should be considered. 

At the Brussels meeting, the diverse tasks had been distributed among the participants of the EMF seminar. Whereas the EMF secretariat drafted the letter to the Commission, the EWC secretary of Pechiney, Fesser, prepared the letter to the CEOs of the three corporations. The Algroup IG Metall official, Baur, was charged to coordinate the "group of six", which should


\[408\] This qualification refers to the still valid Swiss "peace agreement" of 1937 in which the two sides of the metal industry agreed to refrain from collective action (Fluder et al. 1991). Yet, it has been shown that this was not a uniquely Swiss, but a much wider-spread phenomena (Crouch 1993), given the similar Danish, Norwegian, Swedish, Dutch and Austrian agreements.

seek to negotiate a new EWC and a job security agreement. Finally, Detlev Kiel, the IG Metall official in charge of the Alcan EWC, agreed to write the information leaflet for the APA workforce. This decentralised implementation of the meeting’s conclusion mirrored not only the limited personal and financial resources of the EMF secretariat in Brussels, but also the reluctance of both national unions and EWCs, to delegate wide-ranging tasks to the EMF.

The participants of the EMF meeting agreed thus on the following two lines of action. First, direct negotiations with the European APA management about a new EWC and a transnational job security agreement. Secondly, direct involvement in the regulatory merger-control decision-making process of the Commission. However, it is worth noting that neither of the two approaches was backed up by a mobilisation of organised labour’s rank-and-file or by any other attempt to raise public attention. The three EWCs and the EMF did not try to mobilise the APA workforce. Despite the respective decision by the EMF meeting in Brussels, nobody prepared a joint EMF/EWC leaflet to be distributed among the entire APA workforce. The IG Metall official, Detlev Kiel, only drafted a succinct information letter for the APA EWC representatives. Hence, neither the EMF nor the APA EWC representatives politicised the APA merger case. This reflects, according to Lucien Fesser, a profound frustration about the "merely rhetorical" and "useless" engagement of politicians in past restructuring processes. As a result, the Pechiney EWC concluded that politics would not change the behaviour of multinational companies (Fesser 2000, interview). Given the significant reliance of French unions on the state and its labour law, Fesser’s anti-political approach is interesting. The French state, however had, lost its direct influence after Pechiney’s privatisation and could not influence Pechiney’s policy by using its consumer power, as its public sector companies (EDF, SNCF, etc.) are not important Pechiney clients, in contrast to the Alstom case.

Conversely, the managements of the three APA companies tried to prevent an alienation of their workers’ representatives and adopted a rather cooperative attitude towards their EWCs. Likewise, the executives did not try to by-pass the consultation right of the involved EWCs. This behaviour almost certainly did not mirror a strong social commitment on the part of the APA management. In contrast, Lucien Fesser suggested that the managements wanted to use

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the EWCs and the unions to facilitate the endorsement of the merger by the European Commission. The APA workers’ representatives speculated that they could reach an agreement with management without having to trigger collective action, given the interest of the management in a trouble-free merger process. From this point of view, hasty collective action could even have had a counterproductive effect, as it could destroy the grounds of a potential capital-labour exchange: if the unions refrained from contesting the problematic APA merger, the APA workers might receive some job security guarantees.  

4. Negotiating transnational agreements?

The letter to the APA CEOs, which had been written by the EWC secretary of Pechiney, Fesser, and the letter to all members of the three EWCs, which had been written by the Alcan IG Metall official, Kiel, differed not only in language styles but also revealed different approaches in dealing with the APA merger. Hence, Fesser and Kiel, who promised to write these letters, interpreted their tasks and the results of the Brussels meeting differently.

The joint EWC/EMF letter to the executives of the three APA companies did not mention the idea of transnational negotiations. It only urged the managements to convocate a joint extraordinary meeting of all three EWCs, in order to obtain additional information about,

1. the future industrial development of APA;
2. the employment consequences of the merger and the measures to secure employment;
3. the measures to guarantee the functioning of national and European works councils.

In contrast, the minutes of the EMF meeting and the information letter for all APA EWC members emphasised that the EMF working group (i.e. the "group of six") was empowered to resume negotiations with the APA management about a wide range of issues, including job security, board-level codetermination and future European companies structures.

Initially, nobody objected that the joint letter to the three CEOs did not emphasise the necessity of transnational negotiations. Nevertheless, the divergent implementation of the

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411 Cf. the fax D. Kiel sent on 10.09.1999 to B. Baur, op. cit.
joint decisions was a first sign that the leading EWC and union representatives of APA had differing opinions and approaches. The European workers’ representatives of Pechiney did not give much emphasis to transnational negotiations. Yet, it is worth noting that they had discussed previous restructuring plans with the management. Although these discussions were not negotiations in the legal sense, they guided the subsequent local negotiations, as emphasised by the human resources director of Pechiney.⁴¹³

In the beginning, these different attitudes with regard to transnational negotiations remained under the surface. After the EMF/EWC Brussels meeting, the secretary and the consultant of the Pechiney EWC⁴¹⁴ collaborated with IG Metall official Bertold Baur. The issue of transnational negotiation with the management never became a matter for conflict. Whereas Lucien Fesser assisted Baur in drafting an APA EWC agreement proposal and the Group Alpha consultant of the Pechiney EWC, Xavier Guiglini, participated at the meeting of the German APA works councillors on 28 October 1999 to coordinate the joint research project of the three works council consultancy firms.

In a letter sent on 15 November 1999, Baur emphasised once more the need of transnational negotiations, but neither Fesser nor Guiglini contested this negotiation strategy,⁴¹⁵ although the CGT EWC delegate, Claude Verdier, underlined in a letter to Fesser on 27 October 1999 that the Pechiney EWC did not confer a negotiation mandate to the EMF "group of six".⁴¹⁶ This inconsistency suggests that Fesser and Guiglini adopted a pragmatic approach concerning the transnational negotiation issue. As stated above, the Pechiney management frequently "discussed" its restructuring plans with the CFDT-led select committee of the EWC, which, in turn, "guided" the local negotiations.⁴¹⁷

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⁴¹³ "Les négociations restent dans les instances nationales. Mais les débat du Bureau européen ont contribué, dans certaines cas, à piloter ou à réguler ces négations locales" (Levy 2002: 46).
⁴¹⁴ I.e. the CFDT-delegate L. Fesse and Xavier Guiglini of the CGT-related Alpha Conseil.
⁴¹⁷ However, it would be wrong to associate this pragmatic approach to a particular union, although the CFDT might usually be more willing to engage in such informal negotiations. While several CGT EWC delegates (including Verdier) discarded the idea of European negotiations with the management, other CGT EWC delegates responded that they entered into negotiations with their managements at the EU-level; despite the
EWC delegates seek transnational negotiations, as long as their prospects seem promising. However, as soon as these prospects deteriorate the same unionists frequently fall back into their established national positions, recalling that strictly speaking there would be no place for European negotiations. As a result, the legal framework of the French industrial relation system does not entirely explain the growing reluctance of the Pechiney EWC delegates towards European negotiations, although they used this argument to legitimate their actions (Verdier 2000). In fact, also the German procedures require that transnational negotiations need to be authorised by the concerned unions and works councils. But since the leading German Algroup and Alcan unionists and works councillors felt that they were wholly involved in these negotiation attempts, their formal authorisation never became an issue.

It is therefore not surprising that the CGT raised the "authorisation" issue in this specific case. While the CGT holds the majority in Pechiney’s French works councils, it feared it would be bypassed at the EU-level, given the leading position of the competing CFDT at the EU-level. On 7 December 1999 the European CGT-delegate and Pechiney EWC member Claude Verdier wrote to the EMF that any transfer of negotiation powers to a European working group would require the consent of the representative national unions, at least in the French case, despite the fact that the participants of the EMF meeting in Brussels "unanimously" approved the negotiation mandate for the "group of six".

"Si des négociations devaient s’engager sur ce sujet, la définition du group de négociation doit faire l’objet d’un échange et d’une prise de décision des différentes organisations syndicales représentées et de leurs fédérations respectives Chimie et Métallurgie pour la France. Ce point est essentiel au vu du paysage syndical français.”


Frequently, the EMF and the IG Metall had also adopted this double strategy. On the one hand, they officially rejected the attribution of negotiating powers to EWCs, to prevent the development of employer-led in-house agreements that would exclude them (Guyvarc’h 2002). On the other hand, the best cases of European unionism presented by the EMF frequently emphasised the "évidente nécessité d’une institution de négociation européenne" (Kuhlmann 2002: 93).

Verdier explained his opposition to the attribution of a negotiation mandate to the "group of six", also with the unattainable involvement of rank-and-file unionists in such a transnational negotiation process. Moreover, he emphasised the less specialised professional background and the fewer resources of the two Pechiney "group of six" members, compared with those of the IG Metall representative Baur. Whereas Baur is an experienced lawyer and director of the IG Metall’s central EWC department, Verdier emphasised that the EWC members and union delegates of Pechiney are workers that had been partly released from their regular work for their representative duties. Consequently, the Pechiney representatives were much more vulnerable to personal pressure from the management than the sheltered IG Metall official, who did not have any employment relationship with the APA companies. Verdier emphasised that even the legal protection for French work councillors and union delegates would not rule out the out-sourcing of the enterprise sub-unit in which "irritating" workers' representatives were formally employed. If this happened, the affected worker representative would be forced to resign from all his works council and union mandates in his "former" enterprise. Therefore, the CGT representative Verdier urged the involvement of as many unionists as possible in negotiations with the management, in order to diminish the pressure on a particular person. However, this objective could better be reached at a local level (Verdier 2000, interview).

Whereas the French CGT questioned the negotiation mandate of the "group of six", the EMF, the IG Metall and the CFDT EWC secretary of Pechiney initially neglected this criticism, probably also because the CGT became an affiliate of the EMF only some months earlier. This section has also emphasised that transnational negotiations do not primarily depend on formal authorisation procedures, but on the concrete perspectives of such negotiations. Therefore the next section will explore the concrete transnational bargaining strategies of organised labour and the willingness of the management to enter discussions with the EMF and the EWCs.

In the middle of November 1999 the IG Metall had been informed, off the record, that the APA executives empowered Algroup’s central Human Recources director, Leo Houle, to resume negotiations about a new EWC agreement. According to the APA executives, these negotiations may well start even before the official conclusion of the APA merger. The APA executives apparently rejected the other request that the EMF general secretary and the three APA EWC leaders had raised in their joint latter to the three APA CEOs, namely the organisation of a joint plenary session of all EWCs, the establishment of a World Company
Council, a European supervisory board and job security and plant location guarantees. At this point, Bertold Baur suggested on 15 November 1999 that the EMF and the three EWCs should not accept separate negotiations about a new APA EWC agreement, but should insist on keeping the whole package of requests together.420

However, on 3 December 1999 at an additional IG Metall meeting of all leading works councillors from the three APA plants in Germany (Deutscher APA Strategieausschuss), Baur had to acknowledge that it would be difficult to achieve the fixed goals of organised labour, given the reluctance of local Alcan employee representatives to promote the requests in public and to engage in collective action.421 Nobody openly criticised Baur’s clear call for a more dynamic and radical union policy,422 but also nobody actively supported his statement. In turn, Bertold Baur had to learn during the APA Strategieausschuss meeting that the Alcan Gesamtbetriebsrat had failed to enforce the application of the Betriebsverfassungsgesetz.423

On 18 November 1999 the management of Alcan Deutschland rejected the request of its Gesamtbetriebsrat to finance a joint Alpha/IMU-Institut/ISA Consult study regarding the social consequences of the APA merger. In doing so, the Alcan management correctly anticipated that the Alcan workers’ representatives would not challenge this decision. In fact, despite the fact that § 80 Abs. 3 Betriebsverfassungsgesetz provided a base for the legal enforcement of such a study, the IG Metall official of the Alcan Gesamtbetriebsrat, Detlev 421


423 “Wer den § 80 Abs. 3 BetrVG nicht durchsetzen will, der wird auch nicht kämpfen und wird über die Öffentlichkeit keinen Druck auf die Konzernspitze ausüben wollen.” B. Baur, cit. in: ibid., p. 3.
Kiel, argued that it made no sense to challenge Alcan’s decision. Even if a court would eventually oblige Alcan to pay for such a study, the decision would come too late to have any impact on the post-merger restructuring process.

In turn, Kiel emphasised that Alcan Europe invited the economic committee (Wirtschaftsausschuss) of the German Gesamtbetriebsrat to an exclusive briefing about its post-merger human resource strategy to London and promised an additional EWC meeting in the third week of January 2000 with the participation of the PDG of Pechiney. Hence, the Alcan executives tried to keep the whole information and consultation process in their own hands. Accordingly, they actively disrupted any attempt to establish a European coordination network between the workers’ representatives of the different countries and companies.

Even if the IG Metall APA Strategieausschuss discussed Bertold Baur’s idea of a token strike, or joint worker assemblies in all European APA plants on the same day, he finally concluded that the “workforce cannot be mobilised easily.” As several APA works councils were “not yet sufficiently prepared” for a conflict with the management, Baur convinced the EMF to postpone its second APA working group meeting, from 13 December to the 14 January 2000. In turn, Baur informed his colleagues that the APA executives had not yet officially replied to the joint EMF/EWC letter of 29 October 1999 and suggested that "we should concentrate our efforts on supplying as much information as possible to the workforces so they may assess the threatening development as far as the loss of jobs is concerned and be prepared for necessary action."

424 Ibid. p. 2.
425 See also the respective note of the Pechiney EWC expert: X. Guiglini, Secaf Alpha, fax respectively e-mail to: L. Fesser, C. Verdier (Pechiney); B. Baur, D. Kiel (IG Metall); J.-J. Carmona-Schneider, R. Plaake (Isa-Consult) C. Trautwein, T. Meier-Fries (IMU-Institut, H. Holl (Alcan), P. Zwick (Alcan), I. Bartes EMF), J. Jouvet (Alpha consulting), Lyon, 12. November 1999.
426 The EWC Instructions for Employers of Makia & Veille Consulting stated “that the prospect to be avoided at all costs would be the development of a very strong cohesion among the [national EWC delegates]” cit. in: http://www.etuc.org/ETUCO/en/resources/ewc/instructionemployeren.pdf
It is open to doubt whether this appeal had any significant effect, especially as the EWC leaders and unionist failed to adopt any concrete proposal about joint collective action at the joint EMF-meeting in Brussels (22 October 1999). While in some sites even any evidence of leaflets or other information activities is lacking, there is evidence of collective action in some local APA plants. The latter activities mirrored, however, primarily local and national grievances and were not coordinated at an EU-level.

In mid-December 1999 the management of Alcan Europe, Pechiney and Algroup eventually replied to the EMF letter of 29 October 1999. The three human resource directors agreed to meet the EWC leaders to discuss the mechanisms for establishing a future APA EWC. Yet, a close comparative analysis of the three letters also indicates that these companies did not have the same position concerning the involvement of union officials in these discussions. Whereas the HR directors of Alcan and Pechiney treated the EMF like a third party that is not involved in the internal APA affairs, the Algroup HR director of directly addressed the EMF, saying that "it would be useful to meet your strategy committee in the first quarter of 2000." This is no coincidence. While external unions officials always had access to Algroup’s EWC, the EWC agreements of Alcan and Pechiney did not foresee the presence of union officials. Eventually, these different HRM traditions also engendered conflicts between the three APA managements, as everybody defended its own strategy (Levy

429 In February 2000 a member of the German Alcan headquarters in Eschborn stated – speaking on condition of anonymity – that he did not take any notice of any company-level activity of the Alcan Betriebsrat or the IG Metall in the APA case.

430 For instance, on 28 February 2000 hundred French Pechiney workers demonstrated in front of the Palais de congrès de Paris, where Pechiney’s CEO, Jean-Pierre Rodier, gathered approximately 2,000 leading staff members in order to inform them about the APA merger (H. B. 2000). Furthermore, during the first months of 2000, local sections of the French unions CGT, CFDT, FO and CGC organised several strikes in different local Pechiney plants. In the case of Pechiney’s aluminium smelting plant in Dunkirk, the local strike in favour of the introduction of 35-hour working week without a pay freeze lasted even for several weeks. (M. Du. 2000; C. J. 2000; Le Puill 2000).


433 L. Houle, Senior Vice President Human Resources Algroup, letter to R. Kuhlmann, Zurich, 13 December 1999.
285

Hence, the executives of all three APA companies agreed to resume negotiations about a new APA EWC, even before the actual establishment of the new company. In doing so, they wanted to avoid the mandatory procedure to establish a new EWC according to the French transposition of the EWC directive (ibid.). The unions were aware of this motivation. Therefore, Baur proposed that they should enter negotiations about a new EWC agreement only if the managements also agreed to negotiate a job protection agreement. Correspondingly, Baur wrote Algroup’s HR director, on behalf of the EMF, that the EMF’s APA committee would be ready to meet the APA managements to discuss both: "how to maintain or establish the worker’s representation on a national, the European and the global level?" and “the job protection agreement.”

On 14 January 2000 the select committees of the three APA EWCs and the union officials concerned met again in Brussels to discuss their strategies with regard to the APA merger. At this second meeting, Heinrich Holl, the president of the Algroup EWC learned that "not much happened at the EU-level", since the last meeting of 22 October 1999. The APA managements took too much time to answer the joint EMF/EWC letter and also the contents of their answer did not satisfy Holl either. For that reason he concluded that the joint letter was too lax.

The second EMF APA meeting also revealed growing tensions between the different EWCs. The participants of meeting European shortly discussed a model APA EWC agreement that was drafted by Bertold Baur. However, the French Pechiney EWC representatives objected to this proposal, because Baur wanted to include professional union officials as EWC experts. Lucien Fesser stated that expertise should be provided by consultancy firms, such as Group Alpha, not least because if one would accept union officials as experts one would have to accept one expert for each of the five French trade unions (Fesser 2000, interview). The Brussels meeting also revealed strong tensions within the Alcan EWC between the English,

434 B. Baur: Fax to R. Kuhlmann, Frankfurt a. M. 10 December 1999. This fax also objected that the joint EWC/EMF letter to the CEOs of APA was not sufficiently vigorous and did not reflect the catalogue of requests that was agreed at the joint meeting on 22 October 1999 in Brussels.


Italian and German representatives. The Italian members of the Alcan EWC came to Brussels to protest that there is no democracy inside the EWC.\textsuperscript{438}

Nevertheless, the meeting decided to restate the six requests to be addressed to the management and urged the EMF to write a second letter to the three CEOs, which should clearly restate the original six requests. But despite the joint conclusion of the EMF APA meeting, the conflicting interpretations of the role of the so-called "group of six" endured. The Algroup EWC and the IG Metall understood it as "Verhandlungskommission" that is as a working group that conducts the negotiations with the managements consistent with the German practice.\textsuperscript{439} In contrast, for the Pechiney EWC the “group of six” was only a "working group that prepares a project, which has to be discussed and ratified in the three EWCs, according to the French labour law" (Fesser 2000, interview). After the French CGT sent on 20 January 2000 an additional fax to the EMF, these different interpretations became very evident.\textsuperscript{440} In this fax the CGT urged the EMF to clarify this issue by the next EMF APA meeting, which had been scheduled for 1 February 2000 in Luxembourg.

Shortly before 14 January 2000, the HR directors of Alcan, Pechiney and Algroup eventually invited the EWC leaders to a meeting on 27 January 2000 at the airport of Zurich, to discuss the possible procedure regarding the creation of an EWC for APA. Alcan’s German HR director informed the IG Metall official, Detlev Kiel, that no union officials would be admitted to that meeting. But at the Brussels meeting of 14 January 2000 the select committees of three EWCs rejected this condition. In contrast, the three EWC leaders confirmed their participation at the meeting in Zurich in addition to the corresponding "EMF coordinators" of each company (EMF 2000).\textsuperscript{441} In the Pechiney case, the EWC secretary also assumed the coordinator function for the EMF, therefore the second Pechiney seat was attributed to the CGT-delegate, Verdier, as required by the management. In contrast, the EMF

\textsuperscript{438} The Italian Alcan EWC members received their information not directly from their EWC president, but indirectly from the Italian members of the Pechiney EWC (Fesser 2000, interview).

\textsuperscript{439} H. Holl: Brief an die Kolleginnen und Kollegen des Europäischen Betriebsrates der algroup alusuisse lonza gmbh, Singen 28 January 2000, S. 2..

\textsuperscript{440} C. Verdier (CGT Pechiney), M. Demuinck (FNIC CGT), J.-F. Care (FTM CGT), fax to I. Barthes (FEM) Montreuil, 20 January 2000.

\textsuperscript{441} R. Kuhlmann (EMF), L. Fesser (CEE Pechiney), J.T. Woods (EWC Alcan), H. Holl (EWC Algroup): Fax à attention de MM. J.P. Rodier, J. Bougie, S. Marchionne, Bruxelles, 21 January 2000
maintained that the IG Metall officials and “EMF coordinators”, Baur (Algroup) and Kiel (Alcan), and not the respective deputy EWC presidents, should meet the management in Zurich.

As agreed in Brussels, the EWC leaders and EMF coordinators of the three APA companies met each other on 26 January 2000, i.e. the evening before the meeting with the management. Hence, they ignored the warning of Alcan’s German Human Resource director, who stated that the Alcan management would cancel its participation at the meeting if the invited EWC leaders cannot accept the invitation without having to bring in their external trade union “experts” or “union bodyguards”. In contrast, the Pechiney’s Human Resources director accepted the presence of a “guest expert” from the EMF, if this were the joint wish of the three EWCs.442

On 27 January 2000, the six EMF and APA EWC representatives by chance met the three Human Resources directors in the breakfast room of the conference hotel in Zurich. At this occasion, the three directors clarified their position: the APA management-labour meeting would only take place, if the Alcan EMF coordinator and IG Metall official, Kiel, left the conference centre. In turn, the management accepted the participation of Bertold Baur, the EMF coordinator and IG Metall official in charge of Algroup. This management-driven "compromise" reflected the diverse practices of Alcan and Algroup regarding the presence of trade union officials in their respective EWCs. This contradictory position suggests that the three directors had not agreed on a coherent APA policy concerning the involvement of union officials in transitional negotiations, so far. In fact, all three Human Resources directors tried to defend their company’s prior practice and approach, as acknowledged by Pechiney’s Human Resources director (Levy 2002: 47).

The APA workers’ representatives eventually gave in and accepted the precondition of the management. Detlev Kiel left Zurich before the beginning of the meeting. However, while entering the conference room, the remaining five EMF/EWC delegates had been surprised by the presence of additional Algroup and Alcan EWC members. Evidently, these EWC members accepted the invitation of their management, although it was decided at the EMF/EWC meeting in Brussels that they should stay at home. Even though this did not create

442 B. Giret (Pechiney), fax to Mr. Kuhlmann (EMF), Mr. Fesser (CEE Pechiney), Paris, 25 January 2002.
immediate conflict, it undermined the trust relations between the workers’ representatives. Looking back, the Pechiney EWC secretary even speculated that the IG Metall had been informed beforehand about the attendance of additional Algroup and Alcan EWC delegates (Fesser 2000, interview). The available internal IG Metall documents indicate, however, that the IG Metall officials were also surprised by the appearance of additional EWC members. Nevertheless, this episode further undermined trust, especially between the EWC delegates of Pechiney and the two IG Metall officials.

Nevertheless, the workers’ representatives of three companies managed to speak essentially with one voice to the management representatives of the three APA companies. IG Metall official Baur and the Pechiney EWC representatives embraced a joint position, even as regards the role and function of the "group of six". Whereas Baur emphasised that the workerside would have to form a pre-negotiation team (Vorverhandlungsteam) that would be partially identical with the worker delegation at the Zurich meeting, he also stressed that an additional wide-ranging team (Gesamtteam) would have to be put together, which would decide about the final results of the negotiations with the management, i.e. about the new APA EWC agreement. In turn, Lucien Fesser stated that the six persons, who had been "unanimously" appointed at the EMF Brussels meeting would be competent to resume "pre-negotiations" with the management, while Claude Verdier urged managements to accept the autonomous decision of the workers’ representatives.

As far as material questions are concerned, the Zurich meeting did not produce any results. The management declared that they could provide any additional information about the merger, with the exception of a list of the workforce numbers of every European APA plant. They argued that the three companies would still be competitors, so long as the merger would not be completed. However, as EC competition law would forbid any collusion between competitors, the supply of information to workers of another company would be prohibited. Yet, the Zurich meeting was also not very productive, because the three APA companies did not have a joint position, for instance, concerning the negotiation of a new EWC agreement. Whereas Pechiney favoured the existing Pechiney EWC agreement, the Alcan management declared that it would also be possible to negotiate a new APA EWC agreement, as long as

this would not lead to the adoption of the German "Mitbestimmung". For that reason the management representatives repeatedly emphasised that the current discussions would not represent transnational negotiations, but only an informal "brainstorming".

Nevertheless, the Zurich meeting produced some procedural results. The APA management agreed to meet the workers’ representatives again. Pechiney’s Human Resources director proposed regular meetings every three to four weeks to resolve all remaining problems. The APA management also agreed to compensate the travel and accommodation costs of their EWC members to facilitate their participation at the planned EMF APA meeting in Luxembourg. Finally, the managements invited the APA worker representatives to the following meeting on 24 February 2000 in the Frankfurt airport conference centre.

It is worth noting that the EMF did not threaten APA management with any collective action. In contrast, the IG Metall official Baur mentioned a meeting of the EMF with Mario Monti of the European Commission and proposed the following deal. Open information about the EMF’s discussions with the Commission in exchange for an open information policy by the APA managements. Hence, Baur tried to transform the EMF’s involvement in the merger control procedure of the Commission into a power resource vis-à-vis the management.

While the involvement of the EMF into the Commission’s competition policy impressed the APA managements, the corresponding top-down approach of the IG Metall and the EMF also alienated the Pechiney EWC. However, at the EMF APA meeting on 1 February 2000 in Luxembourg the workers’ representatives failed to solve this confidence crisis. Bertold Baur effectively urged the meeting to confirm the negotiation mandate of the EMF APA working group, but the “Group of six” never met again. Its meeting with the APA management, which was scheduled for 24 February 2000 in Frankfurt, never took place. On 18 February 2000, the Pechiney EWC recalled its two members of the "group of six", given that the conflicting understandings of its bargaining role persisted (Verdier 2000). The Pechiney EWC member and CGT delegate, Claude Verdier, explained that he opposed transnational negotiations due to the lacking involvement of the national trade unions and the rank-and-file in this process:


Correspondingly, the Pechiney EWC urged the EMF to cancel the planned meeting with the management of the 24 February 2000 in Frankfurt. In turn, it proposed the setting up of a “special negotiation body” to negotiate a new EWC agreement according to the mandatory procedure as specified in the French transposition of the EWC directive. This outcome represented a major disappointment for the EMF and the IG Metall, which tried to negotiate a pioneering EU-level framework agreement for APA, similar to the parallel Ford-Visteon case. Correspondingly, Bertold Baur could not understand why they the Pechiney EWC representatives did not realise the potential value of European negotiations with the APA managements (Baur 2000, interview). In retrospect, however, all involved unions evaluated the trade-union cooperation in the APA case rather positively, despite these tensions (Baur 2002, interview; Fesser 2000, interview). Yet, this is primarily a result of the unwillingness of the European Commission to allow the APA merger and the subsequent decision of the APA companies to abandon their merger project. It will be seen in the next section whether organised labour contributed to this outcome.

5. Influencing the European Commission’s competition policy

The European APA merger control process started on 20 September 1999, when the European Commission received notification of the two proposed mergers by which Alcan would like to acquire control of Pechiney and Algroup. On 24 September 1996, the Commission declared, however, that the two submitted notifications were incomplete. On 6 October 1999, the three APA companies submitted the missing information and, one day later, the Commission eventually started the "phase 1" of the merger control process, i.e. the so-called "initial

On 25 January 2000 the Ford management, the Ford EWC and employee representatives of Visteon signed a European "agreement governing the separation of the Ford Visteon organisation", which secured the better employment conditions of Ford for the outsourced Visteon employees (European Foundation for the Improvement of Living and Working Conditions 2001: 77-81).
examination phase" (McGowan 2000: 136). On 10 November 1999, the Commission decided that the Alcan/Algroup as well as the Alcan/Pechiney operations would raise serious doubts as regards their compatibility with the single market. Therefore, the Commission initiated "phase 2" of its merger control proceeding, which implied a detailed appraisal of the proposed two APA concentrations within a supplementary period of four months. During this second phase of the regulatory merger control process, the Commission consulted the "Advisory Committee of Member States" and the sufficiently interested third parties.

At their first joint meeting in Brussels on 22 October 1999, the EMF and the EWC representatives of the three APA companies chose to contact Mario Monti, the Commissioner in charge of the competition policy. However, the main concern of the APA workers’ representatives, i.e. the negative employment consequences of the merger, was not mentioned in the letter that the EMF general secretary Reinhard Kuhlmann wrote to the Commissioner. The EMF assumed that even massive post-merger collective dismissals would not prevent the Commission from approving the APA merger. Whereas Kuhlmann identified some positive aspects of the merger, namely, a better competitive position of APA, he emphasised that overall, APA probably would acquire a dominant position in some product markets. Kuhlmann explicitly asked to be heard in the course of the Commission’s APA merger control procedure and requested a meeting with concerned officials. Hence, the EMF framed its objections with regard to the APA merger in a language that was completely compatible with the dominant thinking of the Commission's merger task force. In the end, Kuhlmann’s letter to the Commissioner Monti proved to be effective. An informal meeting between the two took place, following the Commission’s decision to study the APA case in more detail. However, on 14 January 2000 the EMF still did not know the date of the Commission’s APA merger hearing, not to mention any other substantive information about the Commission’s APA proceedings. For this reason, the EMF was not able to foresee that the APA hearing would conflict with the Luxembourg meeting of its APA working group.


The role of organised labour in the APA merger has to be seen in a wider context. As stated above, the DG Competition of the Commission must consult the employee representatives of merging undertakings, if they have requested to be heard and show that their representative status is recognised under the applicable law. However, the Commission did not consult any employee representatives "en cette qualité" before the Total/Fina-Elf (21 January 2000) and the APA merger (1 February 2000) hearings. This mirrors undetermined union action in the first place. The concerned employee representatives were usually not aware that they had to summit an explicit request to be heard by the Commission (Article 18 (4) Merger Regulation). Moreover, the Commission and the concerned undertakings usually showed no interest in enhancing the participation of organised labour in the merger control procedure. Furthermore, some companies, such as ABB and Alstom, avoided informing and consulting their EWC representatives prior to the authorisation of the merger by the Commission, which effectively circumvented the right of the employee representatives to be heard by the Commission. Therefore, the recognition of the EMF as a sufficiently interested third party in the APA case by the Commission constituted an important step forward for organised labour.

On 21 January 2000, the DG Competition invited the EMF to its joint Alcan/Pechiney and Alcan/Algroup merger hearing that was scheduled for 31 January and 1 February 2000. Notwithstanding the late Commission invitation, the EMF secretariat did not forward it at once to the EWC leaders and union experts of APA. As a result, the invitation of the Commission reached the workers’ representatives on 25 January 2000 at 17.10. Moreover, the EMF secretariat lost additional two days before it urged Baur to name two representatives to represent the Algroup and Alcan workforces at the hearing. Since Baur chose to participate at the parallel EMF APA working group meeting in Luxembourg, he proposed the SMUV EWC expert, Alfred Eger, for Algroup and the IG Metall official, Detlev Kiel, for Alcan. But


452 Ibid., forwarded by the EMF secretariat to the leaders of three APA EWCs and the EMF coordinator and IG Metall official, Bertold Baur, Brussels, 25 January 2000, 5:10 PM.
the EMF secretariat failed to reach Eger, while it did not provide Kiel with essential procedural information about the merger hearing. As a result the Algroup workforce was not represented at all, while Kiel was unable to speak at the hearing. In turn, the Pechiney EWC representatives managed to participate at the hearing and made use of the whole period that the Commission had assigned to the EMF.

Nevertheless, the Pechiney EWC secretary, Lucien Fesser, was also startled about the preparation of the APA hearing by the EMF secretariat. He even suspected that the "IG Metall dominated" EMF secretariat intentionally asked him to participate at the Commission’s hearing to prevent his participation at the parallel meeting of the EMF APA working group in Luxemburg (Fesser 2000, interview). But Fesser eventually decided to participate at the EMF Luxemburg meeting, while Pechiney’s EWC consultant Xavier Guiglini and the CFDT EWC member, Patrick Reinbold, from the Rhenalu plant in Neuf Brisach went to the APA hearing of the Commission.

This short description demonstrated major deficiencies of the understaffed EMF secretariat. However, at the origin of the situation, which engendered disharmony and reciprocal suspicions among the European APA workers’ representatives, were the late invitation and the even later distribution of the preparatory documents by the Commission. The very short time frame of the Commission’s merger control procedure caused crucial difficulties for the employee representatives, since bottom-up consultation processes within democratic employee organisations were necessarily more time-consuming than the respective top-down processes within managerial hierarchies (GMB 2002: 5). Indeed, it is impossible to imagine how workers’ representatives of different countries and companies, which have met each


other for the first time only three month ago, could prepare a Commission hearing in a
coordinated way, if the Commission does not e-mail the relevant documents until after
office hours on the Friday before the Monday morning meeting of 31 January 2000.

Compared to the complete refusal to distribute the "statement of objections" in the prior
Total/Fina-Elf merger case, the distribution scarcely represents a weakening of the reluctance
of the DG for Competition vis-à-vis organised labour. Nevertheless, the protests of the
Total/Fina-Elf unions against the no-information policy on the Commission have had some
effect, although hardly satisfactory (Liaisons Sociales Europe 2000)

Despite various practical hurdles and difficulties, the recognition of the EMF as a sufficiently
interested party symbolised the entrance of a new actor in the EC competition policy field.
However, it remains to be seen whether organised labour merely had a walk-in role in the
APA merger control assessment, or not.

In addition to the EMF, the local section of the IG Metall in Nürnberg requested to be heard
by the Commission, as Pechiney announced, simultaneously with the APA merger, the
closure of its Cebal Verpackungen aerosol plant in Nürnberg for EC competition policy
reasons. The attempt of IG Metall Nürnberg was not coordinated with the EMF secretariat or
with the central committee of the IG Metall in Frankfurt. Even so, the request was successful
and the president of the central works council of Cebal Verpackungen and Pechiney EWC
member, Günter Fröba, also participated at the APA hearing of the Commission.

The workers’ representatives at the APA hearing did not meet each other before the
Commission’s APA hearing. The coordination between the French EWC representatives from
Pechiney and the IG Metall official Kiel failed because of the very short preparatory time, and
mutual suspicions. Nevertheless, it would be wrong to characterise the emergent conflict

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455 European Commission, letter to Alcan Aluminium Limited and Alusuisse Lonza Group AG. Merger
procedure statement of objections. Non-confidential version to third parties. Case No. COMP/M. 1663 –
Alcan/Algroup, Brussels, 14 January 2000 and European Commission, letter to Alcan Aluminium Limited and

456 I.e. Xavier Guiglini (Alpha, consultant Pechiney EWC), Patrick Reinbold (Pechiney EWC), Detlev Kiel (IG
Metall official, Alcan) and Günter Fröba (GBr Cebal Verpackungen and Pechiney EWC).
between Kiel and the Pechiney EWC representatives as an intrinsically national conflict. Although Kiel explicitly criticised "the French",457 the growing conflicts among the APA workers’ representatives mirrored foremost different company loyalties and established pre-APA-merger trust relations. Correspondingly, the German IG Metall and Pechiney EWC member cooperated rather with the French Pechiney trade unions,458 than with the IG Metall officials, Baur and Kiel, who were responsible for the Algroup and Alcan EWCs, respectively (Baur 2002, interview; Fesser 2000, interview).459 However, at the Commission hearing the emerging tensions within organised labour remained under the surface. The fact that eventually only Pechiney EWC representatives spoke at the Commission hearing had the implicit advantage that the presentation was at least coherent.

In its initial investigation the Commission came to the temporary conclusion that the two notified Alcan/Algroup and Alcan/Pechiney mergers would be incompatible with the single market, given the ensuing dominant position of APA in several product markets (Giotakos 2000). But the Commission gave the representatives of the undertakings to be merged, its clients and competitors and the employees representatives the opportunity of being heard on that matter. The hearing focussed not only on the overall impact of the merger, but tackled the competition problems in each individual product market;460 also with the intention of identifying remedies, such as disinvestments, that would permit a conditional endorsement of the concentration. While the APA representatives generally tried to dismiss the reservations of the Commission, the representatives of APA’s clients and competitors emphasised their worries with regard to the APA merger. In contrast, the workers’ representatives, Guiglini and


459 While Baur’s position, as head of the central EWC department of the IG Metall, is not linked to the destiny of Algroup, Kiel was directly concerned about the future of Alcan, given his task as local official of the IG Metall section in Saxony-Anhalt (East Germany) where Alcan operates its important Nachterstedt plant.

460 i.e. aerosol cans, flat rolled aluminium products such as can body sheet, etc. For a detailed review of the Commission’s appraisal of the APA merger case see (Giotakos 2000).
Reinbold, neither constantly endorsed nor discharged the reservation of the Commission concerning the APA merger.\(^{461}\)

In other words, the Commission estimated that APA would account for more than 70 per cent of the aluminium can body sheet production,\(^{462}\) due to the huge capacities of Pechiney’s Rhenalu (Neuf-Brisach, F) and Alcan/VAW’s Alunorf (Norf, D) rolling plants. While competitors and clients of APA generally confirmed the Commission’s worries, the APA representatives challenged the Commission’s point of view. The definition of the “body stock sheet” market would be too narrow, because “aluminium and tinplate cans” would constitute one single and not two separate markets. At this point, Guiglini supported the position of the APA managements.\(^{463}\) Furthermore, the Commission argued that VAW,\(^{464}\) APA’s main competitor in the “body stock can” market, would not be able to prevent the APA from using its market power, because of its 50/50 joint venture with Alcan at the Alunorf plant. At this point the EWC expert Guiglini supported the objections of the Commission citing evidence for the flow of information between Alunorf’s parent companies, Alcan and VAW.\(^{465}\)

Hence, the Pechiney EWC delegates did not instrumentally back all objections of the Commission to prevent the APA merger. In fact, their undetermined hearing contributions mirrored the ambiguous position of the Pechiney EWC concerning the APA merger. On the one hand, the prospects of the Pechiney workers were closely linked to the prospects of APA, in contrast to the competitors of APA, which aimed to avoid the merger. The Pechiney EWC representatives had no interest in damaging the competitive position of APA\(^{466}\) and urged,

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\(^{462}\) I.e. a flat rolled raw material used in the production of aluminium cans.

\(^{463}\) P. Reinbold/X. Guiglini, op. cit., p. 3.

\(^{464}\) Incidentally, VAW is a subsidiary of VIAG, i.e. Algroup’s partner during the eventually unsuccessful VIAG-Algroup merger project in 1998/1998.


\(^{466}\) It is worth noting that national trade unions frequently supported the creation of oligopolies or “national champions” in the past, especially in the heavy industry (Reckendrees 2000).
therefore, a wider definition of the can and aerosol markets, via the inclusion of tinplate cans. Conversely, the only available state intervention that could prevent the APA merger consisted precisely in the Commission’s merger control procedure. As Guiglini and Reinbold expected that the APA merger would lead to massive collective dismissals, above all in either Alcan’s Alunorf or Pechiney’s Rhenalu rolling plant, they backed the concerns of the Commission concerning this part of the APA merger operation. They focussed on Alcan’s Alunorf joint venture and not on Pechiney’s Rhenalu plant, when they emphasised the competition problems that would result from the APA merger. Hence, they wanted the Commission to urge APA to sell the Alcan Alunorf rather than the Pechiney Rhenalu plant. Obviously, the IG Metall official of Alcan, Detlev Kiel, was not very happy about that. Kiel had the impression that Guiglini avoided everything that could upset Pechiney’s CEO, who actually was sitting opposite him. However, it is not very relevant whether an anti-competitive situation results more from the activities of one or another of the undertakings to be merged. In fact, eventually the Commission left APA the choice to sell either the Alunorf or the Rhenalu plant.

Furthermore, Günter Fröba, the president of the Gesamtbetriebsrat of Pechiney’s Cebal Verpackungen plant in Nürnberg intervened at the APA hearing. Pechiney announced the closure of its Nürnberg plant, in order to demonstrate its voluntary compliance with the Commission’s anti-trust policy, since this closure would substantially reduce APA’s share in the European aluminium aerosol can market and, thus, prevent a dominant market position. In doing so, Pechiney obviously wanted to send a positive sign to the European competition policy regulators. But at the hearing Günter Fröba demonstrated documented evidence, which proved that the management instructed local customer relation employees shifted clients from the Cebal Nürnberg to other Pechiney plants with remaining production capacities. This intervention apparently interested the Commission very much, since a Commission official continued to question Fröba, in a confidential discussion at the margins of the hearing. Furthermore, Fröba’s critic and the Commission’s objections concerning the aerosol can

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market were further supported by a major Cebal client.\textsuperscript{469} In turn, it is evident that Pechiney’s management representatives were not pleased about Fröba’s intervention. Given that the Pechiney management rejected to reconsider the announced closure of the Cebal plant, Fröba had nothing to lose, in contrast to the other workers’ representatives. Incidentally, the closure announcement of the Cebal plant alerted the Pechiney EWC at the outset (Fesser 2000, interview). Fesser was not happy to learn that Pechiney sacrificed 400 workers of Cebal Nürnberg to “fool” the Commission. But due to the Cebal closure he also realised that the APA merger could also raise EU-completion policy problems, regarding the aluminium-rolling plants of Pechiney-Rhenalu and Alcan-VAW-Alunorf (ibid).

After the APA hearing Detlev Kiel became conscious that the Commission would approve the Alcan/Pechiney merger, if APA sold either the Rhenalu or Alunorf plant. As this could question the survival of the Alunorf related Alcan plants in Lüdenscheid, Ohle, Berlin, Göttingen and Nachterstedt,\textsuperscript{470} the IG Metall requested to be heard by the relevant ministries at the federal and the Länder-level. The Commission was supposed to consult these authorities concerning the requested disinvestment measures that the APA companies had to propose after the hearing.\textsuperscript{471} On 14 March 2000 an IG Metall delegation presented their concerns at the Bundeswirtschaftsministerium in Berlin.\textsuperscript{472} At his occasion, the workers’ representatives learned in Berlin that the Commission would not accept an APA proposal that consisted in a 20 per cent reduction of its share in the Alunorf plant. Moreover, they learned that the Commission was rather annoyed about the quality of APA’s remedy proposals.\textsuperscript{473}

The lobbying of organised labour not only targeted the authorities. Although this research did not reveal clear evidence, it is likely that some unionists used their contacts to APA clients

\begin{itemize}
\item \textsuperscript{469} D. Kiel, IG Metall Verwaltungsstelle Schönbeck, Fax an B. Baur, Schönbeck, 7.2.2000.
\item \textsuperscript{470} The end of the East-German Nachterstedt plant would have directly affected Kiel, given that its union members are all affiliated to the local IG Metall section that employs Kiel.
\item \textsuperscript{471} I.e. in North-Rhine-Westphalia, Saxony-Anhalt, Lower-Saxony and Berlin.
\item \textsuperscript{472} This delegation was only composed of Algroup and Alcan, but not Pechiney delegates. Apparently, D. Kiel did not pursue a nationalistic logic, as one could expect (Streeck 1998a), but favoured instead the corporate interests of his local Alcan constituency. Cf. D. Kiel, fax an H. Büchter (GBR Alcan), I. Stammer (GBR Alcan), W. Jansen (IG Metall Neuss), G. Stadelhofer (IG Metall Singen), H. Holl (EBR Alusuisse) B. Baur (IG Metall Vorstand), I. Schmidke (Alcan Lüdenscheid), Schönebeck, 14.03.1999.
\item \textsuperscript{473} H. Holl, in: Algroup EBr: Protokoll der ausserordentlichen Sitzung des Europäischen Betriebsrats der algroup vom 3. April 2000, 5.
\end{itemize}
and competitors and urged them to object to the APA merger, too. At least, Pechiney’s HR
director insinuated that such contacts might have existed in the APA case. They could not
only result from inter-company union relations or shared works council expertise, but also
from inter-company personnel fluctuations, customer relations, preceding merger negotiations
or a shared personal background. Be that as it may, I have decided not to investigate this
issue, because none of the involved actors would, quite reasonably, ever admit in public that
such relations existed, as they are only efficient as long as they remain confidential.

Finally, the Commission concluded that the Alcan/Pechiney merger would create a dominant
position in the markets for beverage can body stock, aerosol cans, can sheet and aluminium
cartridges. On 14 March 2000, it conditionally approved the Alcan/Alusuisse merger as an
independent concentration, while Alcan and Pechiney withdrew their merger notification
(Giotakos 2000: 11). With this withdrawal, the three APA companies were trying to gain
additional time to find a series of remedies that would eventually alleviate the Commission’s
concerns concerning the Alcan/Pechiney merger. But while APA proposed solutions for
almost all product markets, they failed “to sever their link with VAW – their immediate
competitor in the flat rolled product markets – by disposing of their 50 per cent participation
in the Norf joint venture” (Giotakos 2000: 11). As a result, Alcan(-Algroup) and Pechiney
finally abandoned the APA project, because Alcan was unwilling to divest the Norf plant.

Obviously, the APA union representatives were rather pleased with this outcome. The finally
approved integration of Algroup into Alcan set off fewer synergy effects and therefore, fewer
collective dismissals, than planned in the APA merger project. Moreover, Algroup’s HR
director, Leo Houle, could also convince Alcan to accept the presence of a German, a British
and a Swiss union official as experts in the new Alcan EWC and to sing a corresponding
“explanatory note” to the Alcan EWC agreement. Finally, the new Alcan EWC elected an
Algroup EWC and IG Metall member, Ulrike Kraus, as its new president, which also seemed
to secure the continuing influence of independent unions within the new Alcan.

474 “Un même représentant d’un même syndicat pouvait-il, par exemple, siéger à la fois au Comité Européen
d’APA et à celui de concurrents comme VAW ou Corus” (Levy 2002: 47)?

475 European Commission, Case No COMP/M. 1663 –ALCAN/ALUSUISSE, 14.03.2000.
D. Conclusion

The negative response of the Commission regarding the APA merger case seems to suggest that the union’s adoption of a Euro-technocratic strategy in this case was rather successful. But due to the confidentiality of the deliberations of the Commission, it is not possible to measure the impact of organised labour’s arguments in the final decision-making process. Yet, it is evident that the lobbying of the EWC representatives supported the Commission’s negative assessment. Given the Commission’s lack of information concerning the internal functioning of the Alunorf joint venture, it had based its initial argumentation essentially on rational choice theory. Therefore, the Commission finally supported the involvement of employee representatives, since it added empirical substance to the Commission’s appraisal. This conclusion is also confirmed by the more open-minded attitude of the DG for Competition about the role of unions in its competition policy. Although the director of the DG Competition still refuses to consider social and employment aspects, he has explicitly recognised that the information provided by unions and work councils can compensate the Commission’s information deficits with regard to the companies to be merged:

"Mais souvent les travailleurs, qui connaissent parfaitement leur terrain, peuvent contribuer à combler le déficit d’information entre les entreprises notifiantes et la Commission et aider cette dernière à apprécier le cas en meilleure connaissance de causes, y compris sur les questions de concurrence" (Rakovsi 2002: 21).

Future studies will have to test whether these conclusions really indicate a policy change or only a rhetorical concession to the trade unions. Nonetheless, the APA EWCs evaluated the

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476 "Economic theory suggests that the existence of a joint venture can lead either to anticompetitive parallel behaviour of the parent companies or to independent behaviour having equivalent effects." European Commission, letter to Alcan Aluminium Limited and Alusuisse Lonza Group AG. Merger procedure statement of objections. Case No. IV/M. 1715 – ALCAN/PECHINEY, Brussels, 14 January 2000, p. 5.

477 Incidentally, an indicator for a genuinely changing Commission attitude towards organised labour would be easy to find: Does the Commission hand out its "statement of objections" to the workers’ representatives in good time, or only on the eve of the Commission hearing, as happened in the APA case? Nevertheless, in its Green Paper on the Review of the Merger Regulation, the Commission stated that it would be "open to hearing the views of employees, including during phase 1 of a merger investigation, to the extent possible given the severe time constraints inherent in such investigations" (European Commission 2001: para. 244)
APA trade-union cooperation positively, despite the tensions between leading Pechiney and Alcan/Algroup workers’ representatives (Baur 2002, interview; Fesser 2000, interview).

However, in summer 2003 this positive evaluation of the APA workers’ representatives dramatically changed again, after Alcan launched a successful takeover bid against Pechiney. Once more, the workers’ representatives of Alcan and Pechiney tried to influence the Commission. The EWC of the two companies again mandated the EMF, which in turn requested to be involved in the merger control procedure of the Commission. But on 29 September 2003 the Commission cleared the Alcan takeover bid for Pechiney without entering into the second phase of its examination procedure and without hearing any third parties including the EMF. Although the review of the Commission “highlighted serious concerns in a number of markets, Alcan was able to address these concerns by offering to divest a number of businesses” (European Commission 2003b).

Hence, the situation in the 2003 Alcan-Pechiney takeover was entirely different if compared to the APA case. In the first APA merger case all APA companies had to accept the disinvestments requirements of the Commission. In contrast, the 2003 takeover of Pechiney allowed Alcan to enforce unilaterally the disinvestments requirements of the Commission against the will of the Pechiney management (Rodier 2003). Hence, the worker representatives of Pechiney and Alcan could not hope anymore that severe disinvestments requirements would finally prevent the takeover, in contrast to the first APA merger case.

Nevertheless, in the case of disinvestments, the employees’ job security interests would still match the Commission’s competition policy objectives. However, in the Alcan/Pechiney takeover case the Commission accepted that a financial investor without any experience in the aluminium sector could get hold of Pechiney’s Rhenalu plant, despite the opposition of the works council concerned and the union-related consultancy firm involved (Secafi Alpha 2003). It is therefore not very surprising that both the workers’ representatives and the

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479 “Ce qu’on peut faire, en revanche est […] mieux coopérer encore dans la définition et l’application des remèdes. C’est un aspect primordial de tout l’exercice de contrôle des concentrations et c’est celui où la connaissance des entreprises de l’intérieur est la plus précieuse et où les intérêts des travailleurs recouvrent le mieux les objectives impartis à la Commission” (Rakovsi 2002: 21)
management of Pechiney regretted that the APA merger failed in 2000. Without doubt, it would have allowed a “more balanced and consensual development” than the final Alcan takeover (Secafi Alpha 2003).

This suggest that the prospects of a Euro-technocratic strategy of organised labour in the field of competition policy are, nevertheless, much more limited than one might have thought after the initial blockage of the APA merger. In fact, one has to bear in mind that the Commission approves approximately 90 per cent of the notified mergers and takeovers before entering into the second phase of its anti-trust procedure and thus, without hearing the employees’ representatives (McGowan 2000: 137). Hence, in most merger cases and almost all takeover cases, the adoption of a mere Euro-technocratic union strategy does not seem to be very promising, as demonstrated in the ABB/Alstom merger and the final Alcan/Pechiney takeover case. In fact, the political power relations seems to be much more important factor in the EC competition policy than the Commission is prepared to acknowledge.

It is also worth noting that a comparative assessment of Commission’s argumentation in the 2000 APA merger and 2003 Alcan/Pechiney cases reveals that it changed its assessment, notably regarding the dominant position of the concentration in “flat rolled product markets” and “flexible packing for processed cheese”. Theses changes cannot be explained, if one assumes that the Commission always applies the same technocratic yardsticks in its assessments. Hence, they can only result from the consideration of additional concerns, which theoretically should not play any role in its competition policy (Secafi Alpha 2003: 2).

In conclusion, organised labour is only likely to affect the EC competition policy, if it also succeeds in politicising the concrete merger or takeover case. In fact, the French finance minister, Francis Mer, had also the option to hinder the Alcan/Pechiney takeover, given its sensitive implication for the French defence industry (Zylberman 2003). However, Francis Mer chose to challenge Mario Monti on the parallel Alstom case rather than Pechiney case. This also mirrors the different impact of different union strategies in the two cases.
XI. COMPARING THE APA AND THE ABB/ALSTOM CASES

The two preceding chapters presented two cases that questioned the structuralist suggestion that organised labour has no role to play in the EC competition policy. While the German and French unions adopted a Euro-democratic strategy in the ABB Alstom Power case, the same unions adopted a Euro-technocratic strategy in the parallel Alcan-Pechiney-Algroup case. This chapter seeks to explain why the same unions adopted these conflicting strategies in the two cases. Both cases share a wide range of structural features that have been used to explain the variation in EWC and European trade union and performance in the past. As a result, the following structuralist explanatory variables cannot explain the diverging strategies of organised labour in the two merger cases (Müller and Hoffman 2001; Gillman and Marginson 2002; Marginson et al. 2002):

- **“Nature of the issue”**: in both cases the EWCs were confronted with a transnational company merger, which implied important synergy effects, i.e. collective dismissals.
- **“Sector”**: the analysed companies operated in a very similar, capital- and technology-intensive, metal manufacturing sector.
- **“Nationality of the companies”**: while Pechiney and Alstom were recently privatised ethnocentric French multinationals, Alcan, Algroup and ABB shared a similar (Swiss or Canadian) small-country origin and a more transnational headquarters orientation.
- **“Company ownership”**: while the Swiss shareholder capitalist Martin Ebner was the major shareholder of both ABB and Algroup, Alcan, Pechiney and Alstom also adopted a merger strategy, which aimed to please above all their major shareholders.
- **“Integration of the company’s European business activities”**: all the companies involved retain functionally integrated production chains that cross national boundaries.
- **“Existence of supranational management level structures”**: in both cases the company mergers had been discussed and decided at a supranational level.
- **“Existence of strong national and transnational industrial relations structures”**: in both cases the unions could build on pre-existing EWCs and strong German and French group-level trade union and works council structures.
- **“Nationality of European works councillors”**: German IG Metall and French CGT and CFDT works councillors played a major role in all cases.
Nevertheless, the unions and EWCs adopted conflicting Europeanisation strategies. While structural factors might explain the Europeanisation of organised labour in the two cases, they cannot explain the adoption of a democratic or technocratic Europeanisation strategy. Hence, the two cases represent an interesting pair for a comparative analysis, because they reveal the importance of agency, which was not predetermined structurally.

A. Explaining the Europeanisation of organised labour

Both company merger announcements triggered a transnational union reaction. This seems to confirm the suggestion that "as markets expanded unions had to enlarge their strategic domain to keep workers from being played off against each other" (Martin/Ross 1999: 312). However, in both merger cases, transnational union cooperation was limited to the core of Western Europe. The timid attempts to develop a global or, at least, a joint transatlantic response of organised labour to the company mergers failed at the very beginning. In fact, the world market was created a long time ago without this leading to the emergence of a transnational labour movement. Hence, economic globalisation does not explain transnational union cooperation. Yet, markets socialise or “vergesellschaften” precisely without creating an “association of free human beings” (Altvater 1992: 80). Or, as Karl Marx observed, the mutual “relations of the producers, within which the social character of their labour affirms itself, take the form of a social relation between the products” (Marx 1999: chapter 1.4). Therefore, it is very difficult to reveal the social relations that constitute the market and to politicise them.

Nevertheless, the frequent assumption that EU-wide cooperation of unions necessary fails because of the competition for local production capacities has been shown to be misleading. If competition precluded collective action, trade union solidarity would be impossible. Although self-interest is possibly the most important motivation, institutional settings and learning processes can led to the conclusion that these interests can be better satisfied through transnational cooperation. These learning processes may have taken place in the ABB Alstom Power case much more easily than in others, because most local sites had been more or less equally affected by the company’s restructuring plan. Moreover, it has been shown that the British unions, which did not participate in the Brussels ABB Alstom demonstration, have not been rewarded. In contrast, the management implemented the largest redundancy plans where it faced the least resistance. The British unions learned from this experience and actively
participated at the 2003 Alstom demonstration in Paris, while the German and the French unionists were already subject to similar experiences during the earlier ABB and Alcatel-GEC mergers and the consequent company restructurings in the 1980s and 1990s.

There is also a theoretical argument, which explains the prospect of transnational trade union solidarity within a firm. Despite all the benchmarking attempts that aim to simulate market relations within the company, management decisions are always strategic “political” decisions and not “natural” market outcomes. Mergers, takeovers or collective dismissal plans are planned actions of a hierarchal organisation, which is the firm. As a result, it is much easier to politicise corporate decision-making and thus, to create transnational intra-firm trade-union solidarity, than to create trade-union solidarity across the boundaries of the firm, as shown in the collective bargaining chapters of this thesis. Hence, it seems that the central economic driving force, which links trade unions across Europe, is not the existence of a transnational market but the increasingly supranational re-organisation of the firm.

The ABB/Alstom and APA chapters revealed that the centralisation of corporate strategic decision-making on a transnational level has played a substantive role in triggering a transnational union reaction. Correspondingly, transnational union action declined again during the implementation phase of the restructuring plans, as they had been implemented at the local or national level and according to national laws and practices. In turn, transnational union action significantly increased again after the announcement of a new Alstom collective dismissal plan and after the launch of Alcan’s Pechiney takeover bid in summer 2003. Nevertheless, the centralisation of corporate strategic decision-making on a transnational level itself is not sufficient to generate transnational collective action.

Moreover, within the “new geo-economy” the local subsidiaries of multinational company are no longer relatively independent national off-spring of a multinational holding company, but a link in a functionally integrated transnational production chain (Dicken 2003). As a result, the local subsidiaries of multinationals increasingly cooperate with each other across national

\[\text{\textsuperscript{480} Cf. the huge difficulties of the Doorn group, the EMF and the ETUC to implement their European coordination rules for multi-employer collective bargaining.}\]

\[\text{\textsuperscript{481} This mirrors also the observation of Marginson et al. (2002), who have studied the impact of EWCs on management decision-making in four UK- and four US-based companies.}\]
boundaries. Moreover, the Human Resources departments of multinationals try to support this cooperation in forging a transnational “corporate identity”. This is in particular the case in capital- and technology-intensive manufacturing industries, where company headquarters play a key role in controlling the production system.

In that case, as the professional collegiality contributed to the rise of national trade union solidarity in the past, the professional cooperation across national boundaries could also promote transnational union solidarity. In fact, the EWC members of Alcan, Pechiney, Algroup, ABB and Alstom not only had a “national” identity, for instance as German IG Metall or French CGT unionists, but also “transnational” identity as employees of their multinational corporation. Since these political national and the corporate transnational identities overlap with each other, the transnational cooperation of the European workers’ representatives across national and company boundaries can be explained as an aggregated outcome of both national inter-firm and transnational intra-firm collegiality (cf. figure 14).

**Figure 14: National inter- and transnational intra-firm collegiality of EWC members**
Politics also contributed to the Europeanisation of organised labour in the two cases. The regulation of transnational company mergers and takeovers takes place exclusively at the EU level. For this reason, the EWCs and trade unions had addressed the Commission and the European Parliament. The workers’ representatives also applied pressure on national and local politicians, but this has often been done to force them to lobby the Commission. Conversely, the fact that the Commission controls the competition policy, effectively held back the adoption of a re-nationalisation strategy by organised labour, as dramatically emphasised by the Commission’s injunction to “re-nationalise”\textsuperscript{482} Alstom in September 2003.

Finally, one must recall that the existing European structures of organised labour, namely the EWCs and the European Metalworkers’ Federation, possibly played the most important role. In fact, the EWC and union activists, who determined the divergent Europeanisation strategies in the two cases, effectively built their activities on these pre-existing cross-border networks. This factor also explains the astonishing difference between the very European approach of the Alstom CGT unionists compared to the rather nationalist approach of the Pechiney CGT delegates. Unions work on those levels where they consider that they can have the most significant impact. Therefore, the Pechiney CGT delegates preferred that national level, as they felt marginalized by the other unions in the Pechiney EWC and the EMF APA working group. In contrast, the Alstom CGT delegates successfully played a leading role in their EWC from its beginning, incidentally because they did not try to dominate the other trade unions. Consequently, the Alstom CGT delegates even cooperated very well with Polish Solidarnosc unionists (Fiodorowicz 2003), despite their fundamentally different, historical and political, legacies (Adamczyk 2002). In fact, who would have thought in the 1980s that these two unions would ever speak to each other?

\textsuperscript{482} Here, the verb “to nationalise” means the transfer of an industry from private to state ownership (cf. FN 3).
B. The choice between Euro-technocracy and Euro-democracy

The variance between the Euro-technocratic APA and the Euro-democratic ABB/Alstom strategy of organised labour is primarily a result of the related choices of the involved actors. This suggests that the scope for European trade unionism is not as structurally pre-determined as some scholars might think.

The ABB Alstom and the APA merger project has been motivated in the main by the same, “shareholder value” oriented management approach. The same Swiss shareholder capitalist, Martin Ebner, had controlled both ABB and Algroup. Moreover, all the multinationals involved actively tried to contain, if not marginalize, the influence of the EWCs and unions on management decision-making. Nevertheless, it is also true that the APA multinationals sought to prevent any direct confrontation with the EWCs, whereas the ABB/Alstom management adopted an unambiguous anti-trade union strategy that was hardly mitigated by the companies’ consideration for labour law obligations. As a result, the ABB/Alstom workers’ representatives saw no alternative but to politicise the merger case, while, at least, some APA workers’ representatives believed that it would be possible to negotiate a deal with the central management without having to resort to collective action.

Both the ABB/Alstom and the APA workers’ representatives addressed the Commission, but only in the APA case the workers’ representatives had been invited to its merger hearing. While the APA merger was expected to create dominant positions in different markets, the ABB/Alstom merger was unproblematic from the viewpoint of the EC competition policy. This suggests that organised labour can only aspire to have a say in the technocratic EC merger control procedure, if a case is "problematical" that is in only five per cent of the notified merger cases. In all other cases, including the subsequent Alcan/Pechiney takeover, organised labour can hardly make itself heard within the Commission’s regulatory decision-making process. This considerably reduces the scope of a Euro-technocratic strategy. In contrast, the absence of "voice" in the institutional framework of the EC competition policy is likely to increase the interest of organised labour in Euro-democratisation. Therefore, it is

483 The same applies to the European Parliament, which also has no say in this policy area. This might explain why it turned out to be an ally of organised labour not only in this case. The ETUC and the EP also joined forces in the battle for the employment title of the Amsterdam Treaty (Johansson 1999).
likely that the behaviour of the DG Competition of the Commission also influenced Europeanisation strategy of organised labour in the two cases. In turn, it is also possible that the DG Competition of the Commission invited the APA unionists to its hearing, precisely because the Alstom EWC previously complained in a letter to the president, Romano Prodi, that the Commission would neglect the information and consultation rights of the workers. This would suggest that the technocratic Europeanisation strategy of organised labour depends on a democratic Europeanisation strategy. In turn, the involvement of additional actors into a technocratic decision-making structure potentially increases the plurality of interest conflicts and could so contribute to a gradual transformation, if not democratisation, of technocracy.

The success of the ABB Alstom Power demonstration is above all the result of a small group of EWC activists who understood how to make practical use of Commission funding, their political links to left-wing members of the European Parliament and the media. This questions the conclusions of (Gobin 1997; Pernot 1998), who argued that the rising access of national trade unionist to EU politics via European trade union structures would engender a dissemination of a Euro-technocratic jargon and policy style, rather than a rise in European collective action. In contrast, the APA unionists and EWC members sometimes mentioned the need of an active involvement of the media and even the need to organise collective action, but nobody undertook any action in this direction. This means that the APA worker representatives believed that the, seemingly less demanding and less costly, Euro-technocratic approach would be sufficiently effective. In turn, it is also fair to say that the APA representatives consciously adopted a Euro-technocratic strategy.

The difference between a technocratic and a democratic polity orientation of organised labour also reflects the prior experience of the unionist involved with political trade-union action. In the ABB Alstom Power case, the French state is still major client of the company’s products. Correspondingly, Alstom is more sensitive to political pressures than the APA aluminium companies. This might explain why the Alstom EWC representatives demonstrated a higher affinity to political trade-union action than their Pechiney colleagues, although the state-sponsored French and European military aircraft industry is equally dependant on Pechiney’s specialist aluminium products.
Finally, the ABB Alstom case suggests that the different cultural and linguistic backgrounds of the national unions do not preclude European collective action, which questions Lepsius (1993a) and Offe (1997). However, the ABB Alstom demonstration as well as the eventual breakdown of the EMF working group in the APA case also demonstrate that transnational trade union cooperation is critically dependent on mutual "learning and trust-building" (Klebe and Roth 2000) and "intense discussion processes" (Kelly 1998: 127) amongst activists and workers. Probably, this points to the most important difference between the two cases: In the ABB Alstom case, the leading German and French trade unionists already knew each other from the prior Alstom EWC. Moreover, they also made their European activities public, through leafleting and the press. In contrast, the leading European APA representatives, who did not know each other, even failed to involve all members of the respective EWCs in their European activities. This illustrates that Euro-democratisation is difficult but not impossible.
XII. CONCLUSION

How could the European Union be made more democratic? Despite the widespread recognition of the “democratic deficit” of the EU integration process, there is no agreed answer to this question. This is not very surprising. On the one hand, it is rather difficult to capture the properties of the European system of governance, which is very complex and continuously changing. On the other hand, practically no social or political actor conceives of Euro-democratisation as a goal in its own right, but they relate the strategies that they might adopt in response to the European Union to their subjective interests. Therefore, this thesis did not seek to add another, more or less sophisticated, blueprint of a “transnational democracy” to the ongoing debate on European governance. However, the thesis does aim to enrich this theoretical and political debate with concrete empirical evidence regarding to the role of one socio-political actor that used to play a role in previous national democratisation processes, namely, organised labour. By applying a typology of various strategies that trade unions might adopt in response to the EU and, especially, EMU and European competition policy-making, the thesis demonstrated that the unions have a range of feasible options. This implies the rejection of any kind of structuralist determinism.

While the first empirical part of the thesis illustrates the tensions between national competition and European coordination in the field of collective bargaining, the second part assesses the conflict between Euro-democratic and Euro-technocratic approaches in two parallel cases of transnational company mergers. As thoroughly argued in the respective concluding chapters VII and XI, the thesis has not identified a foolproof strategy for European trade unions. The chapters about collective bargaining demonstrate that the Europeanisation of organised labour is not the only possible or indeed the most likely development. In turn, the chapters about company merger indicated that, at the company level, at least, an Europeanisation of labour is already taking place. This reflects the different structural frameworks of the cases in question: such as the weak Europeanisation of the structures for collective bargaining, the growing transnational integration of the production process and the strong Europeanisation of competition policy. While the tension between the need to move to the level of EU action and the apparent incapacity of unions to do so persists in some cases, in other instances unions adopted a Euro-democratic strategy. The ABB Alstom unionists, for instance, contributed successfully to the rise of European collective action, and in so doing also to a European public sphere and a politicised EU integration process.
The ABB Alstom case is not an isolated case. It has to be seen in the general context of the growing number of “Euro-demos” that followed the transnational mobilisation against the closure of the Renault-Vilvoorde plant in Belgium in 1997. After Renault’s company-level unionists demonstrated that transnational actions are possible, the ETUC, who is normally engrossed in the technocratic procedures that characterises EU-governance, organised numerous demonstrations before the EU summits that brought together some 100,000 unionists from many EU- and accession countries. Moreover, the ETUC and the Platform of European Social NGOs launched a successful campaign for European fundamental social and political rights, which contributed to the adoption of the EU Charter of Fundamental Rights and its integration into the draft constitution. These activities mirror a rising awareness among European company-level unionists of the need for a democratic constitution of the EU.

It has also been shown that the involvement of unions into the technocratic mode of EU-governance depends on the adoption of a Euro-democratic strategy. The thesis demonstrated that the prospect of both a European coordination for collective bargaining and the taking into account of unions’ concerns in the merger control procedure depend on the unions’ capacity to politicise the EU monetary and competition policies. However, it is also the case that as long as union officials believe in the autonomy of their national industrial relations system, they only half-heartedly support the Europeanisation of labour. Therefore, it is not surprising that national officials, who are involved in various national policy networks, are the last to lose the belief in the autonomy of national systems. This suggests that the Europeanisation of the unions depends on the cooperation between EU- and company-level unionists, who are much more directly confronted with the declining autonomy of the nation state.

This thesis has aimed to assess whether a development of an EU industrial relations system can be observed. Although it has been shown that it would be premature to announce the birth of a genuine EU industrial relation system, the rise of a transnational industrial relations network is certainly visible, which goes far beyond the occasional interactions between union “diplomats” and “experts” that characterised the unions’ EU activities until the mid-1990s. Secondly, the thesis has sought to offer a reply to scholars who have argued that the EU cannot be democratised because of the absence of a European society, a European demos and a Euro-democratic mass movement. In this respect, the conclusions draw a rather varied picture. While the rise in European coordination and collective action within the union movement clearly demonstrates a certain Europeanisation of society, it has also been shown
that these activities mainly involve unionists from the so-called old Europe. While it is fair to say that the unions are contributing to an Europeanisation of society, one must also be aware that this process does not include all parts of the continent to the same degree. However, even though within-Europe trade union cooperation is rather weak, it is certainly stronger than cooperation between European unions and North American ones, suggesting that both the European institutions and unions contribute to an observable Europeanisation of society.

The case studies of the thesis provide evidence in support of all the four actor strategies: democratic re-nationalisation, technocratic re-nationalisation, Euro-technocracy and Euro-democratisation. Therefore, the thesis challenges both determinist Euro-pessimistic and naïve Euro-optimistic views. This also suggests that unions can choose their activities. While structures often direct the actions of social actors, the ongoing transformations of government in Europe influence, but crucially do not predetermine, the choices made by trade unions. Conversely, however, the choices made by the trade unions are not irrelevant. In fact, they will have not only an impact on the future role of organised labour in the European society, but also contribute to the future development of European democracy.
XIII. APPENDIX

A. Interviews


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