Labour Politics and the EU's New Economic Governance Regime: Methodological Challenges and Innovations of a New Research Agenda[1]*

Roland Erne (UCD)

Trade unions play a major role in democratic interest intermediation. This role is currently threatened by vertical interventions of political executives in the context of the European Union's (EU's) new economic governance (NEG) regime. We are therefore proposing a new research agenda that aims to explore the challenges and possibilities that the NEG poses to labour politics. Our agenda focuses on the way in which labour movements respond to the EU's NEG regime. Until recently, labour politics had been shaped mainly by 'horizontal' market integration through the free movement of goods, capital, services and people. Since the adoption of the 'Six-Pack' of EU law on economic governance in 2011, however, the latter has been complemented by 'vertical' integration affected through the direct surveillance of Member States' macroeconomic policies, including industrial relations and social policy (Erne, 2015). The resulting regime opens contradictory possibilities for labour movements.

On the one hand, the NEG's reliance on vertical surveillance makes decisions taken in its name more tangible, thereby offering concrete targets for contentious transnational collective action (Erne et al., 2015). On the other hand, the NEG mimics the governance structures of multinational corporations (Erne, 2015). By using performance indicators and coercive

---

comparisons that put countries in competition with one another, it constitutes a deterrent to transnational collective action. NEG's interventionist strains and the country-specific focus of NEG interventions also increase the threat of nationalist counter-movements. This is undermining the structuring of the political space along transnational cleavages, including the class cleavage. The existence of transnational cleavages, however, is a necessary requirement for any multinational democracy. The central democratic functions, responsiveness and accountability 'are in fact diminished if voters are divided territorially along segmented electorates' (Caramani, 2015: 3).

§7.01 Analytical Challenges

Labour mobilisations that followed the industrial revolution homogenised political behaviour within and across countries (Bartolini, 2000; Caramani, 2015). Neither democracy nor the mid-20th-century class compromise, on which national social systems were built, would be conceivable without the mobilisations of workers at workplaces and in national political arenas. A similar analogy can be made in an EU context (Erne, 2008). These democratic dimensions of labour politics are threatened by a 'silent revolution' (Barroso, cited in Erne, 2012).

Already before the shift to NEG in 2011, the formation of a supranational European centre was problematic, given the deficient parallel 'system building' in the area of transnational social integration and democratic participation (Bartolini, 2005). Yet, it is conceivable that transnational social integration will emerge after the creation of political authority at the EU level. Whether one is conceptualising the political in deliberative-democratic or in power-struggle-oriented terms, one should acknowledge that political authority over a population did not include democratic rights from the outset. The formation of political authority has usually been a product of 'coercion and capital' (Tilly, 2000). Citizenship rights followed afterwards, as a result of struggles by countervailing powers in response to social tensions created by the making of markets and political authorities. The formation of much more robust EU governance institutions can also be a precondition for the creation of a transnational democracy. As democracy is dependent on political authority to enforce the results of democratic consultations, there is a dialectical relationship between popular mobilisations and the creation of political authority.

Politicisation processes can be observed at three analytical levels, namely, at individual (micro), organisational (meso) and systemic (macro) level. Most studies in the field have favoured analyses located at either the micro or the macro level (Zürn, 2016). It is quite easy to analyse datasets about changing voter attitudes or to measure the salience of EU-related political issues in media debates. The growing socioeconomic inequalities have also been well documented. Yet, the emergence of new polarisations at a macro level and electoral divisions at micro level alone cannot explain the restructuring of the European political space. The formation of new social cleavages also depends on the emergence of corresponding 'organisational networks' (Bartolini, 2000: 26); hence, our focus on interest politics at the organisational (meso) level. Furthermore, a study of labour mobilisations regarding NEG makes sense methodologically only if European integration is considered as a process 'among distinct units indeed but, at the same time, units belonging to one single system' (Caramani, 2015: 283).

Whereas the questions about the politicisation of European integration are usually discussed by political scientists, questions about labour's capacity to enforce class compromises fall into the domain of industrial relations and social policy. For 'several decades now the study of labour issues has been a specialist field' (Crouch, 2015: 2). In the English-speaking world, this discipline used to be called industrial relations. In continental Europe, *la question sociale* was a domain of social policy. Now, NEG may be bringing industrial relations and social policy together once more. These disciplines not only offer complementary vantage points but are also directly affected by these changes in EU governance. The latter might bring the two disciplines back to the big questions about capitalism and democracy that led to the creation of the social sciences in the first place.

Paradoxically, the closer alignment to management enabled industrial relations scholars to capture the governance by 'coercive comparisons' (Marginson and Sisson, 2004: 11) long before other scholars theorised 'governance by numbers' (Supiot, 2015). 'The increasing attention paid to "governance" may appear as reinventing the wheel. Industrial relations have always been characterised by interactions between public and private actors' (Leonard et al., 2007: 6). Industrial relations also suggest that NEG's governance by numbers will not lead to an end of social contestation. Multinational firms try to benefit from international competition by subjecting unions from different sites in whipsawing games. And yet, 'competition can frustrate cooperation, but it also motivates it' (Anner et al., 2006: 24).

In addition, the re-framing of socioeconomic conflicts in nationalistic terms by political and socioeconomic elites has been an important feature of labour politics since its inception. Labour parties and unions are facing an increasingly Eurosceptic working class. But an analysis of the restructuring of the European political space cannot only rely on quantitative data on voter attitudes or the salience of EU politics in national media (Béthoux et al., 2018). Equally important are organisational mobilisations and the political structures of opportunities in which they are taking place. These processes are *social* processes. Individual attitudes become a social force only if they are mobilised. Mobilisations depend on organisational networks located in the forecourt of party politics. This explains our interest in unions, as they play a key role in the 'organisational dimension' of cleavage structuring (Bartolini, 2000). Our new research agenda, therefore, aims to (1) understand the interrelation between vertical (political) and horizontal (market) integration processes; (2) open up new analytical approaches that are able to capture both national *and* transnational social processes; and (3) analyse the responses of labour movements in different areas of labour politics, and their feedback effects on NEG.

§7.02   Methodological Innovations

The more labour movements (old and new) politicise NEG in a transnational context, the more this will lead to restructuring the European political space along transnational class lines. In contrast, the more they politicise NEG in nationalist counter-mobilisations, the more this will lead to a fracturing of the European political space along national lines. Given the strong bias of NEG's 'corporate governance type' structure in favour of intra-European competition, labour can also contribute to the fragmentation of the EU along national lines through competitive adjustments. Table 7.1 outlines the corresponding actor strategies and indicates observable activities, which allow their operationalisation in empirical research.

So far, most studies on the popular responses to the Euro crisis and the new EU's economic governance regime have relied on comparisons of different national cases (Stan et al., 2015). This is not surprising, given the dominance of methodological nationalism in the field, which mirrors approaches in terms of varieties of capitalism, unionism or welfare regimes. However, designs that are exclusively based on national variables are unable to capture the restructuring of economy and society along transnational supply and value chains in the sphere of production as well as transnational care chains in the sphere of reproduction. Accordingly, the workings of

NEG cannot be adequately captured by national datasets either. Social mobilisations that politicise NEG must be studied (a) at the meso level of interest politics and (b) within *and* across national boundaries. Hence, I am making the case for the disaggregation of the units under study. This contextualised approach to the study of labour politics will enable us to capture and compare social dynamics that often fall under the radar of macro level comparisons.

Thus, we are proposing a research design that is no longer based on the comparison of national units. Instead, we are proposing an alternative design that compares the workings of NEG and labour movements in different areas of labour politics and in different economic sectors. This includes investigations at EU level, but also enquiries in selected countries as well as parallel case studies. In contrast to the approaches in terms of varieties of capitalism, unionism and welfare states, however, the selection of locations for empirical analysis will not be informed by different 'types' of national regimes. Instead, territorial locations will be selected in order to capture both central and peripheral locations in the integrated but also uneven European political and socioeconomic space.

Concretely, we will examine the workings of NEG in two areas of labour politics (wage policy and the provision of public services) and in three sectors (public healthcare, urban transport, and water services). These areas and sectors are all directly affected by NEG, albeit in different ways. Wage policy is affected by interventions targeting wage bargaining and labour law. The provision of public services is directly affected by NEG's interventions in national budgets and social services. This selection enables us to capture not only vocal reactions, e.g., contentious action, but also cooperation with NEG, e.g., union cooperation in the implementation of requested competitive wage adjustments. Our selection of areas and sectors allows us to observe actor activities in relation to both politicisation *and* depoliticisation (*see* Table 7.1). Wage policy and the provision of public services also differ in relation to the social actors involved. Whereas unions tend to prioritise wages, social movements are more concerned about citizens' access to public services. At times, these two concerns converge, as in the case of the '*right2water*' European Citizens' Initiative (ECI) of European Federation of Public Sector Unions (EPSU). At times, they do so to a lesser extent, as in the case of the 'fair transport' ECI of the European Transport Workers Federation (ETF) (Erne and Blaser, 2018).

Our research design allows comparisons across areas of labour politics that are usually studied by distinct disciplines. Moreover, the healthcare, transport and water services sectors are not only

relevant because they are all directly affected by NEG interventions. They are also affected by horizontal federalising dynamics, caused, for example, by the free movement of workers, services, and patients. Therefore, our research design allows us to compare NEG also with horizontal EU integration processes.

Finally, the big questions addressed in our European Research Council project are relevant not only for the future of democracy and social justice, but also for the predominately institutionalist approaches in comparative industrial relations, labour law and social policy. I, therefore, believe that the growing horizontal and vertical integration of Europe, and the counter-movements that these processes are triggering, are obliging us to pursue new methodological paths that go beyond the methodological nationalism in our fields.

References

Anner M, Greer I, Hauptmeier M, Lillie, N and Winchester, N (2006) The industrial determinants of transnational solidarity. *European Journal of Industrial Relations* 12(1): 7–27.

Bartolini S (2000) *The Political Mobilization of The European Left, 1860-1980.* Cambridge: Cambridge University Press.

Bartolini S (2005) *Restructuring Europe: Centre Formation, System Building and Political Structuring Between the Nation-State and the European Union.* Oxford: Oxford University Press.

Béthoux E, Erne R, Golden D (2018) A primordial attachment to the nation? French and Irish workers and trade unions in past EU referendum debates. *British Journal of Industrial Relations* 56(3): 656678.

Caramani D (2015) *The Europeanization of Politics: The Formation of a European Electorate System in Historical Perspective.* Cambridge: Cambridge University Press.

Crouch C (2015) *Governing Social Risks in Post-Crisis Europe.* Cheltenham: Edward Elgar.

Erne R (2008) *European Unions: Labor's Quest for a Transnational Democracy.* Ithaca, NY: Cornell University Press.

Erne R (2012) European industrial relations after the crisis. A postscript. In: Smismans, S. (ed.) *The European Union and Industrial Relations*. Manchester: Manchester University Press, 225–235.

Erne R (2015) Politicizing the New European Economic Governance Regime? Explaining Transnational Trade Union Action in Times of Crisis. *Labor History* 56(3): 345–368.

Erne R (2018) Labour politics and the EU's new economic governance regime (European Unions): A new European Research Council Project. *Transfer* 24(2): 237-247.

Erne R and Blaser M (2018) Direct Democracy and Trade Union Action. *Transfer* 24(2): 217-232.

Erne R, Bieler A, Golden D, Helle I, Kjeldstadli K, Matos T and Stan S (2015) Introduction. Politicizing the Transnational. *Labor History* 56(3): 237–245.

Leonard E, Erne R, Smismans S and Marginson P (2007) *New Structures, Forms and Processes of Governance in European Industrial Relations.* Luxembourg: Office for the Official Publications of the European Communities.

Marginson P and Sisson K (2004) *European Integration and Industrial Relations: Multi-Level Governance in the Making.* Basingstoke: Palgrave Macmillan.

Stan S, Helle I and Erne R (2015) European collective action in times of crisis. *Transfer* 21(2): 131–139.

Supiot A (2015) *La Gouvernance par les Nombres.* Paris: Fayard.

Tilly C (2000) *Coercion, Capital, and European States, AD 900–1990.* Malden: Blackwell.

Zürn M (2016) Opening up Europe: Next steps in politicisation research. *West European Politics* 39(1): 164–182.

Table 7.1   Actor Strategies Leading to Different Structures of the European Political Space

Action Framework	*Observable Actor Activities*	*Leading to a Restructuring of the Political Space:*	
		Along Transnational Lines	*Along National Lines*
Politicising NEG (EU level)	EU level contentious action Euro-strikes and demonstrations, European Citizens' Initiatives	**Yes**	**No**
Depoliticising NEG (EU and/or national level)	No contentious action Support for NEG and competitive adjustments of labour policies	**No**	**Yes**
Politicising NEG (national level)	National contentious action Nationalist counter-mobilisations	**No**	**Yes**

Source: Adapted from Erne (2015: 305 and 2008: 25).