17th ILERA WORLD CONGRESS

CAPE TOWN 7-15 SEPTEMBER 2015

Track 3

Developments and Trends in Employment and Employment Relations around the World, and the Impact of Globalisation

Paper

ECONOMIC CRISIS, NEW EU ECONOMIC GOVERNANCE AND THE REGULATION OF LABOUR

Lorenzo Bordogna and Roberto Pedersini

University of Milano - Italy

lorenzo.bordogna@unimi.it

roberto.pedersini@unimi.it

ECONOMIC CRISIS, NEW EU ECONOMIC GOVERNANCE AND THE REGULATION OF LABOUR

1. Introduction

This paper deals with the inter-relationships between the establishment and operation of the Economic and Monetary Union (EMU) and the industrial relations system at national, cross-national and supranational level. Its focus is on the institutions connected with the EMU construction and their relationship with the institutions of industrial relations at national level, especially wage setting systems. The attention is therefore mostly focused on euro-zone countries, although developments in the wider EU28 are considered. The paper is organised in two sections.

Section 2 recalls the main features of the macro-economic regime brought about by EMU and its institutional setting, and summarises the consequent changes in the economic environment in which national industrial relations systems were traditionally embedded. It stresses the pressures for change deriving from this new, asymmetric environment, in which monetary policy is centralised for the entire euro-zone under the European Central Bank (ECB) control, while fiscal and wage policies remain under the responsibility of national governments and, with regard to the latter, of national social partners.

Section 3 analyses three phases in the adaptation process of industrial relations systems to EMU, the first one from the Maastricht Treaty to the end of the 1990s, the second one from 1999 to the outburst of the world's financial crisis in 2007, and the third one from 2008 on, with two distinct sub-periods, 2008-2010 and 2011-2015. The characteristics of these phases are sketched in the light of the main potential lines of evolution identified in the relevant literature which accompanied the EMU construction – namely, a development towards a strongly decentralised and partly deregulated system, 'Europeanisation' and 'renationalisation' (Martin 1998; Marginson and Sisson 2006: ch. 1).

The first scenario, which is often labelled as 'Americanisation', identifies a trajectory involving three main features: deregulation, the break-up of inclusive structures of multi-employer bargaining, typical of most pre-EMU and pre-enlargement EU-15 member states, and the weakening of trade unions, increasingly unable to take wages and terms of employment out of competition (Martin 1998; Marginson and Sisson 2006: 12). It is consistent, and largely overlapping, with the dynamics of the 'negative market integration' scenario envisaged by many authors, especially (but not only) in the first phases of the EMU construction process (for all, Scharpf 1996, 2011).

'Europeanisation' refers either to the building of a vertically integrated, supra-national industrial relations system at EU level, equivalent to those existing at national levels, or to a trend taking place at several levels (EU, national systems, company level) towards "common policies leading to common outcomes achieved by common processes" – a development not necessarily leading to a vertically integrated system (Marginson-Sisson 2006: 8-12).

'Renationalisation' involves a reinvigoration of national industrial relations institutions to cope with the enhanced competitive environment brought about by the process of economic and monetary integration. It is exemplified by the various waves of social pacts since the late 1980s and 1990s, promoting wage moderation along with measures to increase labour market flexibility and reform the welfare systems (Marginson-Sisson 2006:16-7). This process would entail a potentially unstable and undetermined situation. On the one hand, if the elements promoting labour market flexibility and reforming welfare arrangements tend to prevail, in order to gain a competitive advantage against other EU countries according to a logic of 'competitive solidarity' or 'competitive corporatism', the outcome would be a downward spiral similar to that of the first scenario (Streeck 1994b, 1995, 1996, 2000; Martin 1998, 2004; Schulten 2001 and 2002; Rhodes 1998; Traxler 1997, 2000). On the other hand, social pacts could be viewed as a form of 'regime collaboration' rather than competition, in which national-level coordination would be a prerequisite for policies of transnational or even of EU-wide coordination of collective bargaining, leading therefore to forms of Europeanisation (Dølvik 2000 and 2004; also Goetschy 2000; Marginson and Sisson 2006: ch. 5; Traxler 2010). The usual distinction between 'organised' and 'disorganised' decentralisation (Traxler 1995a) is pertinent in this context, since decentralisation of industrial relations and collective bargaining is not necessarily incompatible with coordination.

It must be noticed, however, that there is a certain asymmetry between these potential developments of industrial relations. On the one hand, in the 'Americanisation' case, institutional and procedural features (decentralisation, fragmentation, weakening of trade unions, decrease of bargaining coverage) are rather closely connected with substantive outcomes in terms and conditions of employment (overall low wage increases, growing differences and inequalities, less employment security and spread out of atypical contracts, prevalence of flexibility over security). On the other hand, the latter two cases refer mostly to institutional and procedural dynamics, at national and EU level, that are *per sé* compatible with different substantive outcomes, from a race to the bottom in labour standards to an upgrading of working conditions linked with a "high road" to international competitiveness. While in the first scenario the process of adaptation of industrial relations to EMU is strongly market-driven, in the latter two scenarios is mostly institution-driven, at national, transnational and supranational level. These three adaptation paths of national industrial relations systems to EMU are not mutually exclusive but can co-exist, although with a varying balance between them over time and by country.

Within this framework, it is possible to identify two levels of adaptation which involve to various extent industrial relations actors, processes and outcomes. The first one is essentially driven by EU-level institutions and aims at further integration, both in the economic and in the social dimension. It is composed of the various instruments available to support economic convergence and fiscal stability (notably through the Stability and Growth Pact) as well as those devised to coordinate labour market and social policies, which are primarily relevant here. Indeed, for the argument developed here, this adaptation process is relevant notably in terms of the importance attributed to social cohesion as distinct from economic integration for the role that social partners can play in it. Since the late 1990s there have been many developments in this process, starting from the launch of the European Employment Strategy and the emergence of the Open Method of Coordination up to the introduction of the European Semester in 2011. These are quite important issues in their own right and the development of specific analyses is beyond the objectives of this paper. Therefore, this level of adaptation will be covered here only in general terms, in order to identify its main features and mark important turning points as well as the implications for industrial relations.

The second level of adaptation refers to decentralised processes, which are driven mainly by market mechanisms, on one side, and by social partners and collective (wage) bargaining, on the other. The former is consistent with the ‘negative integration’ perspective, according to which the new EMU institutional constellation creates a competition between national industrial relations and welfare regimes leading to a downward spiral in wages and terms of employment, working conditions, labour market rules, and social security systems. An influential strand of this body of literature (Scharpf 1996; Streeck 1996) stresses that this would be the ‘natural’ or ‘quasi-automatic’ (Scharpf 1996: 32) evolution of the social dimension under EMU (and the Single Market), the outcome by default, if corrective interventions are not provided.

Such corrective and counteracting interventions are at the centre of the social partners (mostly trade unions) attempts to contrast an exclusively market-driven adaptation. Prominent in this approach are the attempts at coordinating collective bargaining and wage setting systems at national and cross-national level as a way to prevent, contrast or avoid downward pressures. Coordination efforts may take place in a variety of forms, either *via* national tripartite arrangements between governments and the social partners, or *via* cross-national bilateral agreements between trade unions and employers associations, or also *via* cross-national unilateral actions by trade unions of different countries. These forms of coordination obey to partially different logics. The first one (national tripartite agreements) is consistent with the ‘renationalisation’ perspective mentioned above, possibly conducive either to a regime competition outcome (solidarity and corporatist arrangements within one country as a means to gain competitiveness at the expense of other EU countries) or to a Europeanisation outcome. The latter two forms of wage policy coordination aim instead to prevent or contrast regime competition, and therefore are consistent with the ‘Europeanisation’ perspective.

Brief conclusions close the paper.

2. The starting point: a new macroeconomic regime

Well before the euro started to circulate physically on 1 January 2002, the establishment of the Economic and Monetary Union, with its related institutional arrangements, brought about a deep change in the economic and social environment in which national industrial relations systems in the EU were embedded. This transformation can be broadly defined as a shift from a Keynesian to a monetarist or neo-liberal macroeconomic regime, since it implied a strict limitation of fiscal measures and aggregate demand management, especially by introducing important constraints on public spending and inflation, and it adopted a (strict) monetary-centred economic policy approach aimed at price stability (among others, Traxler 2000; Schulten 2001; Issing 2002; Martin 2004).

A 1999 memorandum by the Dutch Ministry of Social Affairs illustrates how the state of the world was changing, and how this change was clearly perceived:

> “Owing to the loss of the exchange rate and interest rate mechanisms as adjustment tools at international level, and owing to the reduced budgetary room for manoeuvre resulting from the stability pact, the possibilities of absorbing (temporary) economic shocks through national monetary policy have been diminished. This makes it all the more necessary for all members of the union to boost their adjustment capabilities, primarily by increasing flexibility on the labour market and in wage formation, a requirement which is linked to the important duty of safeguarding the balance between flexibility and security” (reported in Fajertag and Pochet 2000: 12).

This change meant a structural break compared with the previous institutional economic environment, implying the removal of crucial instruments of macroeconomic management from the hands of national governments (Scharpf 2011). In the new institutional setting, the national control of the interest rate and exchange rate was ruled out by definition, since national currencies are suppressed and supplanted by the common currency. Under the one-size-fits-all monetary policy, national governments cannot any longer utilise competitive devaluations as an ex-post adjustment measure to temporarily re-gain losses in competitiveness, like several European countries did in previous decades. In addition, national public spending policies and fiscal measures are highly constrained within the web of rules and controls of the Stability and Growth Pact, adopted in the mid-1990s to stimulate economic convergence and to contain public spending. A set of rules which was devised also under the fear of moral hazard problems by countries entering the euro club with a large public debt, aimed to contain or contrast the risk of their opportunistic behaviour in managing public finances at the expense of countries with sound finances (Issing: 1996). And, finally, the overall EU budget, amounting to slightly more than 1 per cent of the total GDP of the Member States, limits the possibility of significant compensatory or redistributive policies across countries and regions in case of asymmetric shocks.

It follows from this well-known chain of constraints that, as the Dutch memorandum stressed, adjustment policies had to include direct and selective interventions in labour market regulations, work organisation practices, wage formation mechanisms, and welfare and pension arrangements to remove rigidities detrimental to employment, investment and growth in the EMU context (Issing 2002: 354-56 for an emphasis on the role of micro policies, structural reforms in labour and good markets, and tax systems). And this is even more the case given the limited cross-country mobility of labour in Europe, compared for instance with the United States, due to language barriers and other factors – all features which make the Euro zone quite inconsistent with the *optimal currency area* of Mundell's theory. In the words of Otmar Issing, a protagonist of the building of the EMU institutional edifice, first as a member of the board of the Bundesbank and since 1999 as a member of the Executive Board and Chief Economist of the ECB:

> "[this flexibility] is needed above all in the labor market, that is, wages must adjust to changing market conditions … The more the price system (in the widest sense) bears the burden of adjustment, the less important is the loss of the national exchange rate and monetary policy instruments, and the greater the benefit of using a single currency… Conditions such as the necessary market flexibility can also be created after entry into monetary union" (Issing 2009, quoted by Scharpf 2011: 33; see also Issing 2002).

In this way, whatever the economic rationale for EMU (Schelkle 2013), the 'social dimension' came to play a crucial, albeit ancillary, role for the viability of the Economic and Monetary Union. Both in ordinary times and in case of asymmetric shocks, the burden of the sustainability and adjustment of national economies in the new context was shifted from ex-post, macro-level, demand side policies, to ex-ante, micro-level, supply side measures (Traxler: 1995b; 2000). With the qualification that while the first type of measures are not politically and socially divisive, since their main potential cost falls on the shoulders of future generations in terms of cumulated public debt and/or of an impoverished industrial and productive structure as a consequence of successive competitive devaluations, those of the second type are far from being politically and socially neutral. They are highly divisive, implying structural reforms in labour market rules, welfare arrangements and pension systems that bring about deep cleavages and contrasts within each country and between countries.

As anticipated above, according to several observers of the preparatory phase leading to the creation of the single currency, the new EMU institutional setting, and the completion of the Single Market in general, were 'naturally' bound to reinforce the model of EU 'negative integration' (Scharpf 1996 and 1999; Streeck 1994b; 1995, 2000, 2001). Due to the incomplete architecture of EMU, the "primary objective" of the European Central Bank to maintain price stability, the constraints on public budget, the focus on the supply-side of the economy and the relevance of labour market and wage setting institutions, the new environment, without corrective interventions, would increase the competition not only on product and services, bringing about deep restructuring processes, but also on industrial relations and welfare regimes. According to this line of interpretation, it is as if the regulatory capacity of industrial relations was suddenly pushed back in an environment that structurally offers employers a large availability of exit options, undermining the trade unions' effort to "take wages out of competition" (Commons 1909; Kochan 1993). Not only wages and working conditions, but labour market rules and institutions would be put into a downward spiral, according to the scenario, often depicted by Wolfgang Streeck, made of weakened trade unions, fragmented collective bargaining systems and reduced bargaining coverage, leading to the end of national standards – the 'Americanisation' scenario mentioned in the Introduction, both in procedural and substantive terms. This sequence of developments – from the incomplete institutional architecture of EMU, to deflationary pressures, to intensified regime competition, to worsening employment and welfare conditions – is consistent with the 'pessimistic' interpretation of the likely chain of implications of EMU on industrial relations highlighted by much literature at the time (Sisson *et al*. 1999: 9-10).

However, as in the broader process of the internationalisation of the economy, the constraints introduced by the Economic and Monetary Union do not necessarily need to involve such a downward spiral with inevitable erosion of labour and social standards. This potential outcome leaves room for different trajectories across countries or blocs of countries, depending on structural economic conditions, path-dependent processes, and actors' strategies (Hyman 1999). As mentioned in the Introduction, alternative scenarios to those of negative integration and the erosion of national standards and industrial relations systems could occur. For instance, by pursuing, either *via* social pacts or trans-national or supra-national forms of coordination, a "high road" to international competitiveness based not only on the cost of labour but on the quality and reliability of goods and services, and on an adequately trained and educated workforce involved in these productions. This would entail an upgrading of the production system, as opposed to a downgrading of labour standards, and include the chance for better wages and working conditions. Key to this option would be the improvement of productivity, which would open room for higher worker and social benefits.

A crucial component of this second type of developments, which is consistent with the 'optimistic' interpretation of the implications of EMU on industrial relations (Sisson *et al.* 1999: 10), would be a relevant degree of coordination across countries, in order to avoid the 'race to the bottom' alternative. At EU-level, this was pursued by the adoption and implementation of many EU-level policies aimed to strengthen social cohesion and by the identification of objectives such as flexicurity, which combine the enhancement of market mechanism while at the same time ensuring security. In practice, such EU initiatives pointed to a number of national interventions which were available given the constraints that the new monetary regime put on traditional fiscal policies. Actually, the constraints on governments' actions and policies contributed to put the role of social actors at centre stage. In fact, under the impulse of the Economic and Monetary Union, and as a reaction to the intensified competitive pressures connected with this process – and of course of the more general changes in the international economic environment –, attempts were increasingly made by social partners, especially trade unions, towards forms of trans-national coordination of collective bargaining and wage policy, if not towards a Europeanisation of collective bargaining in the real sense. Clearly, the goal of 'Europeanisation' was also an implicit and often explicit goal of EU initiatives.

3. Three phases

Three phases can be approximately identified in the process of adaptation of national industrial relations systems to the new EMU institutional setting. The first phase covers the 1990s, from the Maastricht Treaty to the launch of the single currency; the second one goes from 1999 to 2007, that is from the introduction of euro to the eve of the 2008 financial and economic crisis; the third one from 2008 on, with a further distinction in two sub-periods (2008-2010; 2011-2014). Although in each period it is possible to find traits of all the three scenarios depicted above, their relevance varies over time and by country.

The first phase is characterised by the search of convergence towards the Maastricht parameters for membership in the Economic and Monetary Union, often pursued, but not only, through a wave of new social pacts, or similar arrangements. These pacts combined both features of the ‘old’ concertation practices, mostly focused on voluntary incomes policies, and new supply-side measures, aiming at increasing flexibility in the labour market and boosting productivity at company and system level. It is debated in the literature whether, on the one hand, they are forms of regime competition, not incompatible with a process of adaptation *via* negative integration along a trajectory of increasing decentralisation and deregulation of European industrial relations systems, with a weakening in some countries of the role of multi-employer sector agreements, or, on the other hand, vehicles (‘stepping stones’: Marginson and Sisson 2006: 120) conducive to Europeanisation (Fajertag and Pochet 1997 and 2000; Martin 1998; Schulten 2001; Traxler 2000; Dølvik 2000 and 2004; Hancké and Rhodes 2005; Traxler and Brandl 2009; Avdagic, Rhodes, Visser 2011). This phase has also registered various trade union initiatives of cross-border bargaining coordination on wages and other issues at sectoral and intersectoral level, to contrast downwards spiral.

The second phase is characterised by an increasing divergence in economic behaviours and outcomes across countries, generated also, according to some observers, by the very operation of the EMU institutional mechanisms (Hancké 2013a and 2013b; Hassel 2009). In this period, despite the persistence or even the institutionalisation of social pacts in some countries, their importance and diffusion see a decline, or, in those which survive or continue to be signed, a greater emphasis is put on supply side measures aimed at strengthening flexibility in the labour market and in employment relations compared to traditional demand side measures. Forms of social pacts or of national consultation bodies are experienced also by some of the countries interested to the enlargement in 2004 and 2007, but with different contents and logic from those of the EU-10 in the 1990s. This phase was also characterised, on the one hand, by the building at the EU level of institutions and procedures linked to EMU and macro-economic governance, and, on the other hand, by the continuation, and even strengthening, of processes of decentralisation of industrial relations and bargaining systems under the pressure of intensified international competition and restructuring brought about (also) by EMU and the European integration. However, forms of cross-border bargaining coordination continue, generally with difficulties and uncertain results but with significant outcome in others.

In the third and current phase, the entire EMU architecture is challenged by the financial, economic and sovereign debt crises, with relevant consequences on the ‘social dimension’ and namely on industrial relations, both in the exposed and protected sectors, and deepened regional cleavages within the EU. This period is characterised by a partial re-design of EMU institutions, which basically amounts to a strengthening of fiscal surveillance mechanisms, but without a radical change in their rationale nor in the (market conforming) logic of their functioning. However, with regard to the impact on industrial relations, it is characterised, especially since 2011, by much more direct, specific and deep interventions of EU institutions in national systems with a sovereign debt crisis, in support of a pronounced logic of internal devaluation.

3.1 The first phase. Preparing for EMU: social pacts and early wage coordination attempts

In the first phase, industrial relations at different levels were interested both by processes of coordination and pressures towards decentralisation. On the one hand, within national boundaries, forms of cross-sector coordination took place mainly through the spread of social pacts or similar arrangements, while at cross-border or transnational level, unilateral or (more rarely) bilateral attempts of coordination occurred primarily at sector level and on wage issues, but at times also with a cross-sectoral dimension and on broader matters. On the other hand, in a context of heightened international competition and strong pressures for company restructuring, decentralisation processes took also place, with a greater role of company level bargaining (in MNCs, but not only) and some erosion of the regulatory capacity of sector agreements, not always within a framework of organised decentralisation (opening and hardship clauses, derogations).

At EU level, in the path towards the adoption of the euro, the initiatives were concentrated on the preparation and definition of the overall institutional framework. With a view to "securing budgetary discipline in stage three of the Economic and Monetary Union" a crucial step was the Stability and Growth Pact of June 1997 (Resolution of the European Council 97/c 236/01) and the following Regulations on surveillance of budgetary positions and the surveillance and coordination of economic policies (1466/97) as well as on the implementation of the excessive deficit procedure (1467/97). In the field of labour policies, the launch of the European Employment Strategy (EES) was particularly important (Goetschy 1999 and 2001; Barbera 2000; Sciarra 2000). It created a framework for the coordination of employment policies across EU member States through common objectives, annual guidelines and the possibility to direct non-binding recommendations to national governments. The establishment of the EES rested on the inclusion in the Amsterdam Treaty of a new employment title (Papers 125-130 EC; now Papers 145-150 TFEU) and followed decisions taken by the European Council in 1994 and 1997, at the Essen and Luxembourg meetings respectively. These steps marked a new commitment on employment and labour issues in the European Union, as well as industrial relations, if we highlight that in the same years the European Social Dialogue was institutionalised and reached its first formal achievements on parental leave, part-time work and fixed-term work.

The coordination process introduced by the EES was based on soft measures aimed at promoting voluntary convergence towards a number of specific objectives by mutual learning, under the guidance of the European Commission and the supervision of the European Council. This coordination strategy soon became known as the 'open method of coordination' and represented the main example of soft-law mechanism as opposed to hard-law convergence through mandatory acts, such as regulations and directives (Barbera 2006). At the special meeting of the European Council held in Lisbon in March 2000 this "new open method of coordination" became the main reference framework for the achievement of the "Lisbon Strategy" (Presidency Conclusions, *The way forward*).

Such developments at EU-level were crucial in establishing the conditions and the instruments for the implementation of the EMU (the Stability and Growth Pact) and in including labour policies in the coordination efforts under the responsibility of the EU. From this point of view it is probably useful to underline that it is possible to identify links between the EMU and the EES in their early stages. For instance, in the conclusions of the 1994 Essen European Council, which in many respects represents the first formal step towards the EES, under the heading on the "Improvement the employment situation", it is possible to read that "increasing the employment-intensiveness of growth" would require, among other things, "a wage policy which encourages job-creating investments and in the present situation requires moderate wage agreements below increases in productivity". As we will see, these links will become progressively more evident by the integration of the employment guidelines in a joint package with the broad economic guidelines since 2005 and later by the introduction of the European Semester in 2011.

However, if we stick to industrial relations, the main developments in this first early phase of the EMU took place at national-level and concerned the fulfilment of the Maastricht convergence criteria. Moreover, interesting steps were taken at cross-country level, with a view to establish forms of wage coordination and thereby contrast the potential 'internal devaluation' logic of the new monetary regime.

At national level, the main feature is certainly the emergence of a significant number of EMU-centred social pacts. Actually, it is debated in the literature whether adapting to the Maastricht requirements for membership to EMU was a sufficient condition for the re-emergence, evolution and institutionalisation of social pacts in many EU countries during the 1990s. Other factors, according to several scholars, played an important role and help explain cross-country variations, among which the calculations of governments and the strategies of social actors (Avdagic *et al.* 2011; Baccaro and Lim 2007; Hassel 2003 and 2006; Regini 2000). Widely accepted is however the view that the new socio-economic constellation – made of intensified internationalisation of the economy, heightened competitive pressures and significant demographic changes – was forcing many European countries to adopt reforms of wage setting systems, welfare provisions and labour market rules to contain or reduce labour costs and public expenditures, either *via* social pacts or other institutional arrangements or government unilateral decisions. The building process of the Economic and Monetary Union, within the broader completion of the Single Market, was an essential element of this new socio-economic constellation, and was certainly in many cases a catalysing, albeit not exclusive, factor of the adjustment process (Crouch 2000; Goetschy 2000; Dølvik 2000; Hancké and Rhodes 2005; Marginson and Traxler 2005; Marginson and Sisson 2006; Pochet, Keune and Natali 2010).

Both early accounts and more recent analyses underline that the majority of the eleven Member States that were included in the first Euro group (Austria, Belgium, Germany, Spain, Finland, France, Ireland, Italy, Luxembourg, Netherlands, Portugal) had bargained in the 1990s some forms of social pacts or similar arrangements. Schulten (2001) lists eight such countries in a table covering national cases in which "wage guidelines or recommendations under national competitive corporatism" had been adopted as a means to adjust their collective bargaining system to the new EMU environment, comprising Belgium, Finland, Germany, Greece, Ireland, Italy, Netherlands, Portugal, although the results of the German 'Alliance for Jobs, Training and Competitiveness' bargained under the Schroeder government were rather limited (Schulten 2001: Table 3; Marginson and Sisson 2006: Table 5.1 for an updating to the first 2000 years, including also Spain). Somehow similarly, OECD (1999: 160-162) presents a table with six countries in the euro area (Belgium, Finland, Ireland, Italy, Netherlands, Portugal) in which incomes policies and tripartite agreements were reached in the 1980s and 1990s, noting however that their contribution to wage moderation is uncertain. A more recent account that analyses all the EU15 countries with the exception of Luxembourg, finds that seven countries out of the eleven first euro group used some form of concerted agreement in the 1990s (Avdagic *et al*. 2011: 26-27). Of these, five – Italy, Ireland, Finland, Portugal and, to a lesser extent, Spain – adopted "extensive tripartite concertation" arrangements, in which government was directly involved in agreements spanning several policy areas, while in Belgium and the Netherlands bi-partite agreements were reached under the threat of government unilateral decisions. The remaining countries did not experience major social pacts, but three of these (Denmark, UK and Sweden) were not participating to the EMU, and are still outside the euro-zone, while Greece, with a tripartite 'Confidence Pact' signed in 1997, entered in 2001. Forms of national consultation boards or national tripartite councils, established either *via* tripartite agreements or by legal enactment, have been experienced also by some of the countries that entered later in the EU and, in some cases, in the Economic and Monetary Union, somewhat instrumental to the process (Marginson and Sisson 2006: 141) – although the logic of such arrangements, with the possible exception of Slovenia, was quite different from that in the EU15 (Hassel 2009; Pochet, Keune and Natali 2010; Traxler 2010).

The purpose of these tri- or bi-partite arrangements, some of them going back to the 1980s (like in Ireland, the Netherlands, Denmark), was to control inflation and improve national competitiveness *via* a policy of wage moderation. In many cases, there were explicit references to the Maastricht convergence criteria for entering into EMU (Rhodes 1998), including the possibility to establish a 'European standard' for the development of wages (Schulten 2001: 23). While in the EMU institutional architecture collective bargaining and wage policy had to remain under national control, rejecting any idea of Europeanisation of collective bargaining, the macroeconomic policy defined under the EMU governance and the monetary policy of the ECB became an increasingly important point of reference for wage policies at national level, whatever the wage setting system. According to the Commission's Recommendations for the 2000 *Broad Economic Policy Guidelines* (quoted in Schulten 2001: 26), in the euro area wage increases had to be "consistent with price increases within the price stability objective of the ECB". In the same period the President of the ECB stressed that "in wage negotiations social partners should take into account the importance of maintaining price stability, the growth of productivity, the need to reduce unemployment and the fact that different local circumstances require different wage developments", warning that, in case of violation of these guidelines, a (more) restrictive monetary policy would follow (*ibidem*). Brief, collective bargaining policy had to replace the role of the exchange rate as the central variable to adjust national economies in case of asymmetric shocks and loss of competitiveness. National social partners had therefore to internalise in their strategies that, in the new institutional and monetary environment, wage bargaining would take place in 'real terms', with the certainty that no accommodating monetary policy would compensate ex-post for excessive dynamics in wages and labour costs (Issing 2002). In this sense, from the point of view of the three potential scenarios anticipated in the Introduction, social pacts can be seen as both a case of re-nationalisation, in which the importance of national systems is reaffirmed, and of Europeanisation, in which common constraints lead to similar processes and outcomes (Marginson and Sisson 2006: 142).

Whatever the diffusion of social pacts as a means to meet the Maastricht criteria and adjust to the EMU environment, and whatever the reasons for their emergence (Avdagic *et al*. 2011; Baccaro and Lim 2007; Hassel 2006 and 2003), the pacts of the 1990s were 'new' in the sense that, as above anticipated, they included both features of the 'old' concertation practices of the 1960s and 1970s, mostly focused on voluntary incomes policies, and new supply-side measures aimed at increasing labour market and employment relations flexibility. Some of them were apparently more effective than others in combining these two features, and in sustaining national competitiveness while protecting employees' interests and purchasing power. This happened for instance in Italy, with the tripartite agreements of July 1993 and the 'Christmas Pact' of 1998, in which wage dynamics were explicitly linked to the average inflation of the Eurozone (Bellardi 1999), or 'Partnership 2000' in Ireland and its predecessors, or in Portugal. But on the whole, according to some observers at the time, they were often unable to overcome the logic of competitiveness through wage restraint and market flexibility implied by these forms of 'supply side corporatism', or 'competitive corporatism', or 'competitive solidarity' (Rhodes 1998; Traxler 2000; Streeck 2000; Schulten 2001), although they tried to reconcile the goals of national competiveness with the respect of some equity criteria. Similar objectives are part of intersectoral bilateral agreements linking collective bargaining to some supra-national or European criteria, like a 1998 agreement in Belgium (preceded by a 1996 'law on competitiveness' for 1997-98) in which a 'wage norm' was established to link wage increases to the trends in the major trading partners of Belgium (Germany, France, the Netherlands).

To contrast downward spirals linked to the heightened competitive pressures, there have also been attempts in this and subsequent periods to unilaterally coordinate wage policies across countries by trade unions at inter-sectoral and sectoral level (Marginson and Schulten 1999; Marginson and Sisson 2006: ch.4; Glassner and Pochet 2011 for a general review). A case in point at inter-sectoral level is the so-called *Doorn Initiative* of September 1998, preceded the previous year by a *Doorn Declaration* between the trade union confederations of Germany, Belgium, Luxembourg and the Netherlands (and also French unions since early 2000s) to prevent competition on wages and working conditions between these countries, rejecting any national policy bound to achieve cost competitive advantages *via* wage restraints. The purpose of this initiative, initially a reaction of Belgian unions against the already mentioned 1996 law stipulating that the average wage increases in Belgium should not exceed those in the country's most important trading partners, was to prevent wage competition by means of a coordinated collective bargaining approach based on a productivity oriented wage policy. Meetings between the participating unions were held annually until 2002, to coordinate also other qualitative issues in addition to wage policies (for instance life-long learning), but were less frequent in subsequent years and also occasionally suspended, to be resumed on a bi-annual basis after 2006 (Glassner and Pochet 2011: 13).

Numerous are the cases at sectoral level, often promoted with a top-down approach by the European Trade Union Federations (ETUF). An important example is the so-called *European Coordination Rule* approved by the European Metalworker Federation (EMF) at the end of 1998, setting guidelines and minimum standards for wage negotiations to prevent downward competition on wages and working conditions across EU countries. The EMF was actually a forerunner in this field, informal initiatives towards a cross-border coordination of collective bargaining going back even to the 1970s, with an acceleration in the run-up to EMU (Glassner and Pochet 2011: 15). Anticipated by a "statement of principle on collective bargaining" in an EMF conference in 1993, the principle that annual (nominal) wage increases for workers should compensate for inflation plus a "balanced participation" in productivity gain was included in the above-mentioned European Coordination Rule in 1998. A similar wage policy goal was adopted two years later by the European Trade Union Confederation, after having established a committee for the coordination of collective bargaining. In the following years similar guidelines for wage increases based on protection from inflation plus some participation to productivity gains were adopted by several other European Trade Union Federations, among which the Federation of Textiles, Clothing and Leather, that of Food, Agriculture and Tourism, that of Public Service Unions, and that of Graphical sector (*ibidem*).

In addition to the adoption of procedural rules for cross-border coordination of wage policy, various structures and institutions were also created, often in the form of regional networks at sectoral and intersectoral level, to exchange information on a regular basis, to activate cooperation between unions of different countries and to monitor collective bargaining processes and outcomes. Particularly active was the network in the region of North Rhine-Westphalia, Belgium and the Netherlands, but similar networks were created in several other regions as well, like in central and eastern Europe and in the Nordic countries. It should be underlined that such initiatives, like the Doorn Initiative and differently from Europe-wide initiatives like the European Coordination Rule of the EMF, refer to contiguous geographical areas with a close economic integration and usually similar industrial relations systems, which should support their sustainability. Despite such difference, the results of these coordination efforts were rather limited, as the difficulties in organising coordination across distinct pay, collective bargaining and representation systems proved quite significant (Glassner and Pochet 2011: 19-21).

While these attempts at cross-national coordination of bargaining policies, to "take wages out of competition", are often considered akin tripartite social pacts, it should be underlined that their logic is partly different. As mentioned above, tripartite social pacts may obey to a logic of competitive solidarity, that is internal solidarity (with national equity) as a way to achieve international competitiveness. Therefore, they do not rule out, in principle, the possibility (although not the inevitability) of a downward spiral brought about by the competition between national industrial relations regimes. Cross-national wage bargaining coordination, by contrast, is precisely aimed at preventing wage dumping and downward spirals.

These differences aside, the fact, however, is that, in general terms, attempts at cross-national and supra-national coordination of bargaining policies, beside clashing with the logic of the Economic and Monetary Union (Gros and Jones 1996; Issing 2002), encounter many difficulties, that arise first of all by the circumstance that the new macro-economic context multiplies cleavages and lines of differentiation well beyond the traditional ones between employers and employees/trade unions within a national industrial relations system. *In primis*, cleavages between employees and trade unions of comparatively low wage and poor welfare regime countries, on the one hand, and those of high wage and dense welfare countries on the other hand. Workers and unions in the first type of countries may have a stronger interest, at least in the short run, in seeking alliances with the employers of their own country to increase national competitiveness and create additional employment opportunities for their potential members than in coordinating their wage policy with the unions of the high wage-high welfare countries (Scharpf 1996; Streeck 1996: 89-94; Traxler and Brandl 2009: 182-83). These tensions are more broadly connected with the completion of the Single Market and the general EU enlargement process, as the discussions and diverging interests on the so-called Bolkestein directive and the Viking and Laval cases have shown in the following years; but they are certainly intensified in the macro-economic context brought about by the EMU institutional setting.

These attempts, in a sense, testify a two-fold scenario: on one hand, the downward spiral in working conditions and employment relations cannot be taken for granted as inevitable effect of EMU, and, on the other hand, counteracting these tendencies is a difficult process that would require adequate strategies by social actors (overcoming their intra- and inter-national contrasting interests) as well as adjustments in the EMU connected institutions and policies. In particular, with regard to social actors strategies, not only trade unions of different countries may have contrasting interests in coordination policies, but even greater difficulties may arise from the limited (to say the least) interest of employers and national employers' associations in participating to such policies, given the constraints that this would exert on their freedom of action. The option of 'negative integration' may be a more appealing one for them rather than coordination, at least in the short term. As a matter of fact, under the pressure of heightened international competition, further strengthened by the EMU construction process, the first phase saw in several cases a partial erosion of the regulatory capacity of sector agreements through the employer-promoted introduction of opening clauses and also, in some countries, of first derogation clauses. Although this trend intensified in the second phase, it started often in the 1990s, also in connection with the 1992-93 recession. In some cases this occurred within a framework of "organised decentralisation" (Traxler 1995a), as for instance in Italy after 1993, in other cases through processes closer to forms of "disorganised decentralisation", as exemplified by hardship clauses in German collective agreements, especially, but not only, in the metalworking sector. This development was promoted in Germany since the 1990s by the employer association, in search of a greater flexibility in sectoral agreements especially on wages and working time issues, allegedly needed to respond to the greater diversity of individual company circumstances, and went together with a significant decrease of the bargaining coverage (Bispinck and Schulten 2011; also Keune 2010 on derogation clauses on wages in seven European countries, where it is stressed the special case of Germany). Along with the rise of the so-called pacts for employment and competitiveness at company level, these processes opened the way to a partial reshaping of the balance between sector and company level in the structure of collective bargaining, which further intensified in the second phase (Marginson and Sisson 2006: ch. 6).

To sum up, in the first phase the focus was the preparation for EMU and the guidance was set by the Maastricht criteria. In a context of heightened international competition and strong pressures for company restructuring, industrial relations were interested at different levels both by processes of coordination and decentralisation. Three main paths were followed for the adaptation of national industrial relations systems to the new economic and institutional environment. One was 'negative integration', according to which not only wages and working conditions, but national industrial relations and welfare regimes, with their rules and procedures, are thrown into competition, paving the way to decentralisation trends and the downward spiral feared by several scholars – the first scenario recalled in the Introduction. The second one was that of national tripartite social pacts or bilateral arrangements, by which national governments and social partners, especially in countries which had to rapidly fulfil the admission criteria, tried to reconcile the search of national competitiveness *via* traditional incomes policies and measures of labour market flexibilisation with some social objectives, among which the protection of employment levels and the defence of the purchasing power of wages and salaries. These pacts, permeated by issues and consistent with policies defined at EU level, used to set out shared macro-economic objectives and coordinate the actions of governments and social actors, with a view to publicly establish credible commitments and provide a sound basis for shared expectations. The interpretation of their overall significance is still open to controversy. On the one hand, they can be seen as not incompatible with, if not directly conducive to, forms of regime competition, following a logic of competitive corporatism or competitive solidarity in which unions are pressed for extensive concessions on wages and working conditions, albeit mitigated by some equity concerns. On the other hand, if not "stepping stones" towards formal transnationally coordinated arrangements, or even a vertically integrated European system of industrial relations, they can be seen as including both renationalisation and Europeanisation elements (Marginson and Sisson 2006: 136, 142). The third path, mostly and primarily supported by trade unions, was that of cross-national coordination of collective bargaining and wage policies, at sector or inter-sectoral level, precisely to avoid wage and social dumping, regime competition and downward spirals. This path, incorporating the possibility of a 'high road' to international competitiveness, has however proved to be exposed not only to practical difficulties in its implementation (Glassner and Pochet 2011), but even more to potential contrasts between trade unions of low wage-poor welfare countries and those with opposite characteristics; not to mention the lack of interest of employers and employers' associations in being involved in such coordination policies (Streeck 1996: 89-94; Marginson and Sisson 2006: 88 and 105-06).

3.2 The second phase. The open method of coordination and the prevalence of national trends

The first phase came to an end with the launch of the Euro and the fixing of the exchange rates of the first eleven countries on 1 January 1999; Greece soon joined this group and could be part of the introduction of actual notes and coins on 1 January 2002. In the changed macroeconomic context of the unified monetary zone, once the Maastricht convergence criteria had been satisfied in the run-up to EMU, also the mixed picture of coordination and decentralisation processes changed, as well as the balance between the three adaptation paths of industrial relations to EMU. Further complexity to this framework was added by the EU enlargement to Central and Eastern European countries, generally characterised by comparatively low-wage and poor-welfare regimes, with effects on industrial relations that can not be easily disentangled from those of EMU. These effects have assumed a variety of forms in different countries and at the different levels of industrial relations, strengthening the impression of the development of a multi-level (and multi-speed) industrial relations framework, partly promoted by a deliberate (if not necessarily coherent) design of institution building at EU and national level, and partly resulting from the autonomous responses of the various actors to the challenges brought about by EMU and the more general process of European integration, including the enlargement (Marginson and Sisson 2006; Leonard *et al*. 2007). In general, the EU level played a greater role in promoting forms of coordination across EU countries and Europeanisation of industrial relations, while at national level social pacts partly lost importance after the start of the third stage of EMU, partly encountered instabilities and difficulties, despite some successful case of institutionalisation, and partly took on different features and functions compared with those of the 1990s, with different dynamics between the EU-15 and the new acceding, especially CEE, countries (Pochet, Keune and Natali 2010; Traxler 2010; Natali and Pochet 2009; Hassel 2009; Hancké and Rhodes 2005). Finally, the attempts at cross-border coordination of collective bargaining and wage policy, despite many efforts by trade unions at inter-sectoral and sectoral level, turned out to be more difficult to pursue and less effective than expected in contrasting competition across countries on wage and working conditions. Decentralisation and trends acquired more strength, with a further erosion in some country of the role of sector agreements and a greater and diversified importance of company level bargaining, accompanied by a decrease of the bargaining coverage. However in some areas, namely Germany and the Nordic countries, nationally and transnationally coordinated wage policies, together with economic developments, brought about a significant convergence in pay rates, confirming that renationalisation and Europeanisation may not only coexist but work as complementary processes (Traxler and Brandl 2009: 196-97).

After the concerted efforts at national and cross-national level that accompanied the actual introduction of the euro as a single currency, the pivotal role in supporting convergence across countries both in labour market institutions and macro-economic policies was taken over by the European Union. From the point of view of employment policies, the EES gained a key position in driving adjustments across Europe (Goetschy 1999, 2001, 2003). Its structure and scope gradually evolved, with changes in objectives and operational details, although without a sanctioning system comparable with that incorporated in the SGP. Eventually, the employment guidelines were joined in 2005 with the Broad Economic Policy Guidelines into the Integrated Guidelines. In terms of labour policies, the emphasis on the employment guidelines was progressively coupled with a growing emphasis on the concept of flexicurity, which became central in the labour market debate since it offered a unitary perspective on pursuing both economic integration and social cohesions. Industrial relations and social dialogue were integrated in the new approach to promote flexicurity, but the achievements remained somehow limited (Pedersini 2008).

Another significant development as for the involvement of social partners in the European macro-economic governance was the establishment in June 1999 of the Macroeconomic Dialogue, whereby representatives of labour and management at EU-level are invited to discuss with the European Council, the Commission and the ECB "to ensure mutually supportive interaction between wage developments and monetary, fiscal and structural policies conducive to non-inflationary growth" (European Commission's website, 12 June 2014). In this way an important direct link was created between social dialogue and the economic and monetary institutions of the European Union. The main objectives assigned to the macroeconomic dialogue were exchanging information and building consensus around economic policies, as "it is based on the principle that key macroeconomic policy stakeholders and decision makers on the one hand, and those responsible for wage formation (management and labour organisations) should have a proper understanding of each other's positions and constraints" (*ibidem*).

Also the sectoral social dialogue (SSD), after its reform at EU level in 1998, although without a direct link with EMU, contributed to some extent to the process of Europeanisation of industrial relations, although with wide differences across sectors and to a quite limited extent, because of its soft type of regulations and the non binding character of its products, with consequent problems of implementation (Keller and Weber 2011; Leonard *et al*. 2007: ch. 3; Marginson-Sisson 2006: ch. 4; Dufresne 2006). As Keller and Weber summarise more than a decade after the reform, despite some progress in the development in SSD, especially in quantitative terms,

> "the far-reaching, ambitious goal defined by the Commission itself during the process of restructuring and formalisation in 1998 ["the development of a real collective bargaining at European level"], however, has not been attained: the conclusion of (legally) binding framework agreements still constitutes the rare exception. …. The contribution of SSD as a joint regulation procedure to the development of a European Social Model, or in Delors' terms the 'social dimension of the internal market', as a unique path of societal development remains limited…. A trend towards transnational collective bargaining and genuine European industrial relations, which some practitioners and academics originally envisaged, has not taken place and is unlikely to happen in the future (Keller-Weber 2011: 239).

This asymmetry between the weakness and low profile of SSD at EU level – where, because of legal-institutional restrictions, wage issues are excluded from the potential range of topics – and the persisting importance of sector bargaining at national level, at least in most of the EU-15 and in a couple of CEE countries, is explained also, if not mainly, by the lack of interest of employers to negotiate: "most unions are in favour of agreements, preferably (legally) binding, whereas most employers' associations oppose social regulation, at least if legally binding" (Keller and Weber 2011: 232).

This specific constellation of interests, with a dis-alignment between the social partners, continues to undermine, among other factors, the development of forms of transnational collective bargaining (Ales et al. 2006). As Marginson and Sisson stress (2006: 88 and 105), given the legal and institutional setting, employers have little incentives to negotiate, while the Commission does not have the authority to force them and the trade unions do not have power resources. Employers can refuse to negotiate with little negative consequences (unless the Commission or Parliament threatens to adopt even more restrictive regulations) while trade unions need the dialogue to pursue their demands. However, although the balance is negative if the benchmark is supranational sectoral collective bargaining resulting in binding agreements, SSD opened the possibility of a new dimension of EU-level regulation coordinating developments at national level (*ibidem*).

Also many efforts promoted by national and European trade union initiatives to develop a European dimension of industrial relations in response to EMU and European integration, through cross-border coordination of collective bargaining and wage policy at inter-sectoral and sectoral level (Marginson and Sisson 2006: 107-108), turned out to be more difficult to pursue and less effective than expected. This was already acknowledged in a 2001 report of the European Metalworker Federation, where it was underlined that the effect of the European coordination rule approved in 1998 had been quite limited on actual bargaining outcomes in many countries in the late 1990s and early 2000s. In many cases, the report continued, these outcomes were more consistent with the ECB target of non-inflationary wage increases than with the European coordination rule (inflation+productivity), and in some cases, among which Germany and Italy, they would have had even a deflationary impact (EMF 2001; EIROnline, August 2001; European Industrial Relations Review, August 2001: 18-20). One of the reasons, also in this case, was the reluctance of employers and their clear preference for decentralisation, strengthened by the enlargement process with the entrance in the EU (and later in EMU in some cases) of countries with mostly a single-employer bargaining system (Meardi 2002; Marginson and Traxler 2005). However, to confirm the development of a complex multi-level and multi-speed system, it must be noted that cases of success of cross-border bargaining coordination are not totally lacking. A relevant example is the experience of cross-border pattern bargaining involving Germany and the Nordic countries in the metal industry, that contrasts with the deregulation scenario of European industrial relations recalled in the Introduction (Traxler and Brandl 2009). In this case, as the authors stress, "the coordinating capacities of the national bargaining systems provided the institutional basis for the Europeanisation of wage regulation", confirming that renationalisation and Europeanisation can not only coexist but work as complementary processes, although this development, starting already in the 1980s, preceded and was (partly) independent from the European institution-building connected with EMU (*ibidem*: 196).

Finally, the importance of national social pacts to some extent faded away. Within the new macro-economic context following the introduction of the euro, there are less pressures for social pacts and the wage moderation they were able to deliver: it is as "their core components became embedded in rules-based wage setting and fiscal policy system" linked to EMU institutions and regulations (Hancké and Rhodes 2005: 2; also Traxler 2003 and 2010). Some of the governance functions of social pacts were in a sense incorporated into the EMU institutions and procedures. This does not mean that social pacts disappeared in this second, post-EMU phase. In some cases they even saw a process of stabilisation and institutionalisation, like in Ireland and Spain, while in other they went through greater difficulties and unstable developments, like in Italy and Portugal (Natali and Pochet 2009 and 2010). In most cases, moreover, where they survived they partly changed their content, emphasising the micro-level, supply-side measures aimed at achieving a greater labour market and working conditions flexibility as a way to enhance national competitiveness – as exemplified by the Italian ‘Pact for Italy’ of 2002. Forms of national consultation boards or national tripartite councils, established either *via* social pacts or legal enactment, have been set up since the mid-1990s also in several countries of the EU enlargement, like Slovenia, Slovakia, Hungary and Poland. However, the contents and logic of these ‘corporatist’ institutions, with the exception of Slovenia, were rather different from those of the social pacts of the EU-15 in the 1990s (Hassel 2009; Pochet, Keune and Natali 2010; Traxler 2010). With some variation across countries and over time, on the whole, when not a story of failures like in Poland (Gardawski and Meardi 2010), social pacts and corporatist institutions had more an expressive character with a legitimizing function for government policies during the transformation process from command economies to capitalism, than an instrumental function in terms of economic performance (Traxler 2010: 53, 62, 70, 74). Wage moderation did not generally need social pacts to be achieved, given the uneven balance of power between the parties, the weakness of trade unions in most cases, the prevailing single-employer bargaining system, and the low bargaining coverage, although with important differences between the export-oriented private sector and the public sector. With regard to wider labour market and welfare reforms, government often decided unilaterally, even in presence of corporatist institutions. On the whole, at national level, significant processes of decentralisation of industrial relations and bargaining systems took place, with a further erosion of the regulatory capacity of sector agreements and of multi-employer systems even in countries with a traditionally strong sector level, like in France, where the 2004 Fillon law radically restructured relations between different levels of bargaining in favour of the company level, and partly in Germany, with the spread of opening and hardship clauses – although in other cases the use of opening clauses and derogations, however increasing in this period, remained limited (Keune 2010).

These latter developments are linked to the market-driven, negative integration path, as the by default option, although to some extent mitigated by the policies and procedures implemented at the EU level mentioned above – like the EES, with its flexicurity approach, and the connected Open Method of Coordination, which had its origin in the EES but then spread to other policy areas. Despite the EU guidance and coordination through these policies and procedures, however, rising imbalances and increasing divergences emerged across countries, partly hidden by the general economic growth experienced by most countries in that period. According to an interpretation, instead of a supra-national coordination of bargaining and wage policies, or even a Europeanisation of collective bargaining and its outcomes, in this phase the operation of the EMU institutional setting stabilised the differences in employment relations, wage setting systems and bargaining outcomes between the north-western countries of the continent, roughly coinciding with the model of Coordinated Market Economy, and the southern European countries, closer to the Mixed Market Economy model (Hancké 2013a and 2013b), accumulating the imbalances that exploded in the following phase.

3.3 The Third phase. The crisis and the new economic governance: any room for ‘positive’ coordination?

The last phase is dominated by the financial crisis exploded in 2008, the following economic and sovereign debt crises, and the institution and market-driven responses to these crises, both at EU and national level. It can be divided in two sub-periods.

In the first one (2008-2010), as shown below in section 3.3.1, the EU institutions favoured national expansionary policies, albeit temporary to avoid the deterioration of public budgets, aimed at ensuring the stability of financial sector, injecting purchasing power into the economy, reinforcing competitiveness through a number of ‘smart’ investments, and, in the field of labour policies, safeguarding jobs through various job security schemes. In the second sub-period

(2011-2014), when expansionary budgetary measures became less sustainable under the persistence of the crisis and the severe strains which affected several EMU countries, with even the risk of a collapse of the euro, a partial but significant re-design of EMU institutional architecture occurred.

On the one hand, this implied an important integration of the original EMU-linked institutions. This regards the development, since the end of 2010 (but the project started since 2008), of a European System of Financial Supervision, by establishing three new Authorities (Banking Authority, Securities and Markets Authority, Insurance and Occupational Pension Authority) and a European Systemic Risk Board. The project was later developed, at the end of 2012 and in 2013, by setting up a Single Supervisory Mechanism (SSM) for the prudential supervision of credit institutions in the euro area, and potentially other EU Member States, as one of the main elements of Europe's banking union. The tasks of the SSM were assigned by a Council Regulation of October 2013 to the ECB, which will assume its full supervisory responsibility on 4 November 2014. The aim was to break the dangerous chain linking the banking system collapse to sovereign debt sustainability by pooling responsibility for the supervision and resolution of bank crises.

On the other hand, the EMU-connected institutional architecture was the object of a notable tightening of fiscal surveillance mechanisms, within a strengthened framework of market conforming (or market enhancing) logic of functioning. Important steps in these process, as analysed in detail below, were the European semester, introduced in 2010-2011, to increase economic policy coordination, promote integrated surveillance and strengthen the Commission capacity to give policy guidance; the Euro-plus Pact (march 2011), signed by the 17 Eurozone countries, followed by further six countries; the Six Pack (October 2011), with regulations applying to all Member States which strengthened the economic governance envisaged by the Stability and Growth Pact in a number of ways (including the Macroeconomic Imbalances Procedure), further reinforced by the Two Pack regulations (proposed by the Commission in November 2011, into force in May 2013), with the aim to strengthen budgetary discipline and enhance mutual surveillance specifically for Eurozone countries, especially those facing severe financial stability difficulties, those receiving financial assistance and those exiting a financial assistance programme; finally, the intergovernmental agreement signed by 25 EU Members States with the exception of UK and Czech Republic, known as Fiscal Compact (*Treaty on the Stability, Coordination and Governance*, into force in January 2013) which completed, and partly replaced, the renewed institutional architecture. The Fiscal Compact is not embedded into EU law, but some elements of it are integrated into EU law by the Two Pack regulations. From the point of view that interests here, these complex institutional changes at EU level on macroeconomic governance "have brought wage setting mechanisms [and wage policies] within the ambit of the economic governance regime of the EU", reinforcing the powers of the Commission with regard to the surveillance of wages policy and unit labour costs, with the possibility to recommend (and impose under certain circumstances) reforms of wage-setting arrangements (see the excellent report by Marginson and Welz 2014: 28). The impact of sovra-national institutions (EU Commission, ECB, IMF) on wage-setting mechanisms and policies, and more broadly on employment regulations and welfare arrangements, can be even more pervasive and intrusive in case of countries receiving financial assistance packages, like Greece, Ireland, Portugal, Spain and Cyprus. As a mater of fact, in these countries, but partly in other countries as well, these changes led, in addition to austerity economic policies with pronounced internal devaluation effects (Armingeon and Baccaro 2012), to the suggestion or imposition of much more direct and specific measures on labour market rules, welfare protections and industrial relations. Among other effects, these measures challenged the multi-employer bargaining arrangements prevailing in most EU-15 countries and some of the EU-12 countries, pushing towards a greater decentralisation, and to some extent, deregulation of the bargaining system

(Marginson 2014; Marginson and Welz 2014). With reference to the three scenarios depicted in the Introduction, in this phase the revitalised and heightened role of the EU level is apparently favouring the development of a scenario of marked decentralisation of national industrial relations systems, which encountered strong reactions and counteracting strategies on the part of the trade unions, both at EU level by the ETUC (see *infra*) and at national level.

Also as effect of the above mentioned developments at EU level, at national level the importance of social pacts further faded away, in favour of unilateral decisions by government or employers under the pressure of economic constraints. Where pacts survived, although through difficulties, as in Ireland, flexibility measures were strengthened also *via* a further decentralisation of collective bargaining and the use of opening and derogation clauses. According to Marginson and Welz (2014: 4-6), since 2008 twelve countries have reported changes in the main level of bargaining, ten of which with a dominant tendency towards decentralisation (from cross-sector to sector or company level, and from sector to company level), and only in two cases towards a recentralisation (Belgium and Finland, in this case after an employers' supported decentralisation in previous years). The countries under financial assistance have shown the widest transformation, with multiple changes in the six dimension of wage-setting systems identified in the study (*ibidem*: 18-19). On the whole, processes of both organized and disorganized decentralisation of bargaining took place, with in several countries, as said, a significant erosion of the regulatory capacity of multi-employer bargaining system, either at cross-sector or sector level. These trends, however, did not prevent in some cases the occurrence in the export-oriented private sector of forms of "emergency coalitions" at company and local level, within a wider framework of "crisis corporatism", with prominence of employment and competitiveness matters, as in Germany (Lehndorff 2011) but also in other countries. Usually, distributive elements have tended to prevail in these negotiations, with employment playing a role of a sort of "general equivalent" in concessionary negotiations (Glassner, Keune and Marginson 2011), but also cases of "high road deals" can be observed (Lehndorff 2011). In contrast with this partial variety of developments and outcomes in the private sector, in the public sector the effects of the crisis in conjunction with the new EU economic governance leaves only room to austerity policies, often with a return to state unilateralism and a suspension of collective bargaining rights where they were recognised (*ibidem* 348; Bach and Pedersini 2013). What was traditionally considered as the most sheltered sector of the economy, open only to domestic forces and at the exclusive disposal of national actors, in this period, as a combined effect of the crisis and the strengthened EU institutions of macroeconomic governance, turned out to be in many countries strongly exposed to the influences of external factors (the international financial markets), and subject to the policies of supranational actors, such as the EU Commission, the ECB and the IMF (Bach and Bordogna 2013).

3.3.1 The EU responses to the crisis

The crisis has progressively opened a new phase since, on one side, it led to reinforcing the coordination process through the adoption of stricter and more enforceable guidelines, on the other, it revived unilateral and joint action by the social partners at EU level, as a means to enhance their capacity to influence EU policies and developments.

From the point of view of responses to the crisis by the European Union and national governments, it is possible to identify two main sub-periods. In the first one, the crisis was prevalently considered as involving the financial system. Responses were mostly confined to ensure the stability of the financial sector in order to avoid that the instability and difficulties would transfer to the productive system. There was a revival of some forms of Keynesian policies, with the launch of plans to guarantee the stability of the credit system e to directly and indirectly support production sectors (like through the diffusion of aids to the automotive sector in 2009). The second sub-period started with the persistence of the crisis, which was progressively regarded as being of a deep economic and structural nature, and it then radicalised with the emergence of the sovereign debt crises in 2010-2012. Fears about a long recession seemed to materialise, with no rapid recovery, as it was formerly hoped and somehow expected. Policies in this second sub-period were very different from those introduced in the first one. Under the pressure of the global financial markets, which did not fall despite the re-regulation efforts, European governments introduced a series of austerity measures for the reduction of public expenses and structural reforms to support economic growth. In practice, such interventions have been oriented, on one side, to reduce the 'burden' of public expenses on the economy and, on the other, to 'free' market forces in order to promote recovery.

Responses by the EU institutions in the first sub-period were aimed to pursue the twofold objective of social cohesion and economic integration. In the communication to the European Council of 26 November 2008, the European Commission illustrates "A European Economic Recovery Plan". In the first pages of the document ("The time to act is now"), the president of the European Commission José Manuel Durão Barroso underlines the importance of a "decisive and coordinated action" and identifies two basic pillars of such action: The first one "is a major injection of purchasing power into the economy, to boost demand and stimulate confidence" (European Commission, 2008, p. 2). The second pillar aims to reinforce the competitiveness of the European production system through a series of 'smart' investments, including "investing in the right skills for tomorrow's needs; investing in energy efficiency to create jobs and save energy; investing in clean technologies to boost sectors like construction and automobiles in the low-carbon markets of the future; and investing in infrastructure and inter-connection to pro-mote efficiency and innovation" (European Commission, 2008, p. 3). Finally, president Barroso states that "the fundamental principle of this Plan is solidarity and social justice" (European Commission, 2008, p. 3). The actual plan clarifies that national support packages must be temporary in order to avoid the deterioration of public budgets and, in any case, it frames these efforts within the Stability and Growth Pact. Although there was reference to structural reforms, these measures aimed to promote social cohesion in the short term, through redistribution and activation policies for people and credit support and reduced administrative burdens for firms, as well as to invest in infrastructures in the long run.

In the field of labour policies, measures which safeguarded jobs were praised and returned to be openly supported, like the various short-time schemes that could be found for instance in Italy, Germany, the Netherlands and other EU countries. Such 'job security schemes' were regarded to be useful because they allowed to avoid the surge of unemployment in the short term. However, they relied for their sustainability on the short duration of the crisis. At the same time, there was a specific attention on social dialogue for the definition of the strategies to respond to the crisis, including in the case of company restructuring and for the identification of the skills required to fuel economic growth in the medium and long run.

An important event in this first sub-period was the Employment Summit held in Prague in May 2009, which had been announced by the Communication from the European Commission Driving European recovery. In this document the pluralist dimension of social cohesion had a prominent role. The summit was prepared together with the social partners and it included amongst its objectives, the definition of "a concerted approach to reduce the social impact of the crisis" and it meant to "launch a new consensus with Social Partners and stakeholders about how to modernise social policies to the mutual benefit of both employees and employers" (European Commission, 2009a, p. 17). The summit identified ten concrete actions "which could help alleviate the employment and social consequences of the crisis and put the Union in a better position when the economy picks up again" (European Commission, 2009b, p. 2). The first of these action was "maintaining as many people as possible in jobs", through the implementation of forms of short-time work as an opportunity for requalification initiatives which may help occupational mobility. Other measures included the improvement of national employment services, the introduction of appropriate incentives to support employment creation and social inclusion and the increase in the quantity and quality of training opportunities offered by national education systems. Moreover, the main messages of the Employment Summit suggested to pursue full labour mobility through a combination of flexibility and social and employment security and to strengthen the capacity to face restructuring through the creation of sectoral partnerships, whenever it was viable and appropriate (European Commission, 2009b).

As the crisis persisted, this approach became less sustainable, especially as far as expansive budgetary measures were concerned. The Annual Growth Survey of January 2011 marked a significant change in orientation. The analysis prepared by the Commission "charts a clear direction on where Europe should be heading in the next year, with ten pressing actions focussed on macro-economic stability and fiscal consolidation, structural reforms and growth-enhancing measures" (European Commission, 2011a). Among the ten new actions identified by the Commission are seemingly predominant those aimed to guarantee the "macro-economic pre-requisites for growth", since "the most urgent task for the EU is to restore confidence by preventing a vicious cycle of unsustainable debt, disruption of financial markets and low economic growth" (European Commission, 2011b, p. 4). This includes actions aimed to "implementing a rigorous fiscal consolidation", "correcting macro-economic imbalances", with particular reference to current account deficits and surpluses, and "ensuring stability of the financial sector", by using the new system of European financial supervision and through the acceleration of the restructuring of banks.

As for employment policies and labour market regulation, the proposed measures are quite different from those suggested in the earlier sub-period. First, with reference to macroeconomic imbalances, it is stated that, in case of "large current account deficits and high levels of indebtedness", adjustment measures "could include strict and sustained wage moderation, including the revision of indexation clauses in bargaining systems" (European Commission, 2011b, p. 5). Second, with specific reference to the objective of "mobilising labour markets" and "creating job opportunities", Member States are invited to "making work more attractive" by reducing the fiscal burden on employment, and ensuring that the tax benefit systems, flexible work arrangements and childcare facilities promote the participation of second earners in the work force. Further significant measures are proposed in the field of passive employment policies, including pension reforms, with an increase in retirement age, limitations on early retirement schemes, and the promotion of complementary private savings to integrate the in-come of retirees.

Of particular importance are the points which underline the necessity to "getting the unemployed back to work" and to "balancing security and flexibility", which seems to effectively go beyond the first responses to the crisis. Whereas "European welfare systems have worked to protect people during the crisis", "once the recovery has gained ground, unemployment benefits should be reviewed to ensure that they provide incentives to work, avoid benefit dependency and support adaptability to the business cycle" (European Commission, 2011b, p. 6). Besides, "in some Member States employment protection legislation creates labour market rigidity, and prevents increased participation in the labour market". Therefore, "such employment protection legislation should be reformed to reduce over-protection of workers with permanent contracts" (European Commission, 2011b, p. 7). The initiatives aimed to "frontloading growth-enhancing measures" are market-oriented and concern the exploitation of the potential of the single market and the attraction of private capitals to finance growth.

The focus on macroeconomic stability and the key role of budgetary policies were confirmed in 2011 and 2012, with the mounting pressures of financial markets on the sovereign debts of the European countries and the mounting risks for the stability of the Euro itself. The recovery plans to support Greece (May 2010), Ireland (November 2010), Portugal (May 2011), Spain (July 2012) and Cyprus (May 2013) have marked, sometimes in dramatic ways, the shift to strict budgetary measures and the return to structural reforms involving deregulation and the promotion of market forces.

From the institutional point of view, the reinforcement of the Stability and Growth Pact introduced by the 'Six-Pack' at the end of 2011 is particularly important. This is the policy package made of six interventions to make public budget rules stricter on both deficit and debt, which was backed by the "Treaty on Stability, Coordination and Governance in the Economic and Monetary Union" of 2 March 2012 (the so-called Fiscal Compact). A further element in the system which tries to guarantee the macroeconomic and financial stability of the European Union is certainly the "Treaty Establishing the European Stability Mechanism" of 1 February 2012.

As for economic and employment policies in the euro area, it is particularly important the Euro Plus Pact on "Stronger Economic Policy Coordination for Competitiveness and Convergence" signed by the Euro countries at the end of March 2011. In the chapter on fostering competitiveness, there is an explicit reference to monitoring wages and productivity, through the comparison of unit labour cost by countries and sectors. Euro countries are expected to implement specific measures to ensure that wage costs rise in line with productivity gains, "respecting national traditions of social dialogue and industrial relations". Such measures may include the revision of wage setting arrangements, of the degree of centralisation in the bargaining process, of indexation mechanisms, "while maintaining the autonomy of the social partners in the collective bargaining process", and shall "ensure that wages settlements in the public sector support the competitiveness efforts in the private sector" (European Council, 2011, p. 16).

Other measures envisaged by the document concern the liberalisation of professional services and of the retail sector, the enhancement of the research and innovation systems, the reduction of administrative burdens on firms, especially on SMEs, the strengthening of flexicurity and life-long learning policies, the lowering of taxes on labour, as well as the enhancement of the sustainability of public finances (including through pension reforms) and the reinforcement of financial stability.

Besides this shift in policy orientation that is from the focus on the preservation of employment to the stress on enhancing competition, there has been a significant reinforcement of the institutional arrangements sustaining macro-economic surveillance and coordination for all Member States and notably for countries in the euro area. The European Semester introduced in 2011 streamlined the whole process of macro-economic coordination and included stricter rules and clearer indications for all Member States. Moreover, the focus of coordination extended from the institutional framework as a means to achieve certain labour market objectives, like in the case of flexicurity, to fully include key outcomes of industrial relations, like wages, and with a certain reduction of the neutrality in terms of national models, as it was again the case with flexicurity, with a propensity to support more decentralised and flexible collective bargaining systems. Surveillance and correction measures for euro countries were later revised and reinforced through the "Two-Pack" of 2013.

These latest developments appear as a reinforcement of the EMU as a crucial driver of the 'Europeanisation' of the regulation of employment across Member States, in the sense of a trend taking place at several levels (EU, national systems, company level) towards "common policies leading to common outcomes achieved by common processes" (Marginson-Sisson 2006: 8-12). The strengthening of the EU overview and surveillance mechanisms and the explicit inclusion of elements pertaining to collective bargaining systems in the European Semester and the Country Specific Recommendations (CSRs) are the main elements of such process. However, this still takes place within a process of coordination, where member States maintain a substantial independence in assessing, interpreting and implementing the EU recommendations – as indicated by the decisions taken at national level, like in the case of wage indexation mechanism in Luxembourg.

As for the direction and content of Europeanisation, at least so far, it is possible to solve the above-mentioned inherent ambiguity of this scenario by identifying the prevalence, as far as collective wage bargaining institutions are concerned, of a 'market enhancing' perspective. Indeed, the recommendations to eliminate indexation mechanisms, make the requirements for the extension of collective agreements stricter, and promote the decentralisation of collective bargaining all seem to push towards a weakening of the role collective bargaining and industrial relations in the national systems of employment regulation. And this goes in a similar direction as identified by the first (‘Americanisation’) scenario depicted in the Introduction, which covers the effective features of regulation, rather than the level where the process takes place (see above/below for a broader discussion of this point).

3.3.2 Wage bargaining coordination

The efforts at coordinating wage bargaining across EU countries were initially revived by the economic crisis and then became a key element in the response of the ETUC to the change in policy objectives and the new institutional framework provided by the European Semester. In fact, the economic downturn triggered a campaign to contrast the downward pressures on wages exerted by the crisis, with no specific reference to the European level of governance nor to the functioning of the EMU. Such a strategy was meant to purely drive the common trade union refusal of concession bargaining as a ‘natural’ element in recessionary periods. Moreover, it represented a shift from a basically bottom-up approach promoted by sectoral federations or even national unions of closely interrelated regional areas to a top-down leadership by ETUC.

The ETUC resolution guidelines for the coordination of collective bargaining in 2010 of December 2009 focused on both the private and the public sectors. As for the latter, it underlined that “public sector wages have become a prime target for governments to cut the overall public deficit as well as to provide an ‘example’ to wage negotiations in the private sector”. Moreover, “pressure from financial markets, the Stability Pact, central banks as well as concerns about the longer term sustainability of public finances will bring governments to try and cut the wage bill for public sector and associated sectors (health, education)”. In the private sector, the coordination of collective bargaining would have to contrast “the employers’ offensive to bring down wage growth”. ETUC’s key principles for the coordination of collective bargaining in 2010 included the refusal of wage freezes and wage cuts and the opposition to any automatic rule which would link productivity developments to wage trends. They clearly put forward the logic of wage coordination as a way to contrast ‘negative integration’ and stressed that “trade unions throughout the whole of Europe need to respect to the letter the ‘golden rule’ of refusing to bargain arrangements which have the effect of poaching jobs from other countries, regions and companies”. For this, it was crucial to ensure that wage dynamics are positive both in nominal and real terms and that overall wage cost developments reflect the sum of trend productivity and medium term inflation. ETUC envisaged a number of soft measures to support this wage bargaining policy, including the strengthening of information exchanges “to prevent employers and governments from artificially boosting their bargaining position by misrepresenting collective bargaining outcomes from other countries”, the establishment of a firm role in public opinion and the use of “good ‘case’ collective agreements which have been bargained in one country […] as a public ‘benchmark’ for other countries”, and the possibility to create a steering group within the Collective Bargaining Coordination Committee to “exchanging views on and helping the Secretariat ensure better monitoring of the evolution of collective bargaining”.

The introduction of the various institutional transformations outlined above and of the European Semester streamlined and reinforced the surveillance and coordination of the integrated macroeconomic and employment policies and gave wage formation and wage developments a prominent role in structural reforms. ETUC responded by launching a new drive for wage coordination which became a key instrument to contrast such policy orientation. There was a slight shift from ‘pure’ bargaining policies aimed at employers to a strategy aimed to neutralise the new and stricter framework for policy coordination. With collective bargaining priorities and working program of March 2012, ETUC launches a “new kind of coordination”. According to ETUC:

> The austerity measures decided on by the European institutions and governments are having a heavy and negative impact on wage trends, on wage formation systems and on collective bargaining. The role of the social partners has been undermined in most EU countries and it has had repercussions for trade union power. In a time of economic recession, a downward spiral of wages has replaced currency devaluation and has become a tool of competitiveness for the European Union. […] This has weakened collective bargaining coordination and undermined positive experiences like the Doorn process. After the Europlus Pact, the “six pack” and the Fiscal Compact, this competitive strategy is spreading across the whole of Europe, through imposed decentralisation of collective bargaining and the setting of wages according to productivity only.

The new policy for collective bargaining coordination would abandon general guidelines for all countries and would be focused on the “different priorities of affiliates in the various countries, regions and sectors” with a view to identify “a more concrete set of initiatives, focused on the different situations and needs”. The four main priorities which should inform the new approach are: a) strengthening collective bargaining, b) avoiding the “possible negative dumping consequences” of defensive agreements and opening clauses, c) sustaining collective bargaining coverage (or minimum wages as a possible alternative to fighting precarious work and shifting the wage ladder upwards) also by supporting extension mechanisms, and d) reinforcing cooperation and coordination of negotiations in multinational companies.

This new approach was further elaborated and eventually led to the definition of a “Toolkit for Coordination of Collective Bargaining and Wages in the EU Economic Governance”. In presenting the new framework, ETUC affirmed that “the EU economic governance introduced unwanted interventions on collective bargaining and wage setting mechanisms, particularly through the CSRs. In this context a new method of internal and autonomous coordination is needed to prevent and/or counter such interventions, by involving the ETUC affiliates in a multi-level exercise (EU, national, sectoral), fully respecting the autonomy of social partners at the appropriate levels” (ETUC resolution of 23 October 2013).

The coordination toolkit provides a comprehensive set of indications and operational tools to streamline and organise wage coordination along the European Semester (the ETUC Semester), collect and monitor information on national developments (mapping national practices and a ‘barometer’ of trade union rights), implement the ‘golden rule’ for higher wages by monitoring and assessing inflation, productivity and real wage trends. It is also worth mentioning that the toolkit represents a key response to the new European economic governance since:

> The ETUC rejected new tripartite formats at EU level for monitoring wage trends and collective bargaining activities, such as the EMCO exercise of 1 February 2013. At the same time the ETUC highlights the need for a renewed and strengthened internal coordination, aimed at countering EU interference in the autonomy of social partners as well as confronting the European Semester when it looks at wage developments.

The instrumentality of wage coordination to contrast the effects on wages and collective bargaining of the institutional settings can also be found in the initiatives directly aimed at influencing the European Semester, as in the ETUC Resolution on the European Semester 2014 (2 April 2014) and in the Statement of the ETUC Collective bargaining Committee on Country Specific Recommendations 2014 concerning wages and collective bargaining systems (4 June 2014). While the former demands, among other things, to “restore collective bargaining” the latter criticises the recommendations supporting downward adjustments of wages as well as the decentralisation of collective bargaining. In the statement, “the ETUC insists that real wages should grow at least in line with productivity in all countries in order to protect purchasing power, but also to contribute to reduce inequalities, address gender pay gaps, fight against increasing poverty, and prevent social dumping and unfair competition”. Moreover, the statement includes an assessment of 2014 national reform programmes which “reflects the positions expressed by the European trade unions affiliated to the ETUC engaged in an enhanced coordination of collective bargaining and wage policies, in the framework of the ETUC Toolkit for Coordination of Collective Bargaining in the framework of the EU Economic Governance”.

3.3.3 The Social dimension of the EMU and the European social partners

The issue of the involvement of social partners in the European economic governance has been addressed in the recent debate about the “social dimension of the EMU”. Following the report on “Towards a genuine Economic and Monetary Union” presented in December 2012 by the President of the European Council in close collaboration with the President of the European Commission, the President of the Eurogroup and the President of the European Central Bank, the European Council of June 2013 committed to strengthen the social dimension of the EMU by also focussing on the “role of the social partners and social dialogue, including at national level”. In the Communication on “Strengthening the social dimension of the Economic and Monetary Union” issued in October 2013, the Commission underlined the objective of strengthening social dialogue by both exploiting existing fora (the macroeconomic dialogue and the tripartite social summit) and by enhancing the involvement of social partners in the European semester process, including at national level in the preparation and adoption of national reform programmes. At European level, the Commission proposed to include the Social Dialogue Committee in the preparation of the Annual Growth Survey and in the follow-up to its publication. The objective of this involvement would be “to promote a better mutual understanding of expectations and concerns. […] If appropriate, the debate will also include an exchange of views on issues of direct relevance to the social partners, such as wages or collective bargaining systems” (European Commission 2013: 14). In addition, the organisation of the Tripartite social summit will be aligned with the new institutional framework and the possibilities to hold thematic dialogue under the Employment Committee (EMCO) and the Social Protection Committee (SPC) will be developed and streamlined in particular “the consultation process could be complemented by *ad hoc* meetings or by making working arrangements to better involve social partners in discussions on relevant policy issues, taking into account their specific responsibility and potential sensitivity for social partners (e.g. youth employment, wages, pension and health care reforms)” (European Commission 2013: 14).

In this debate, the European social partners (ETUC, BUSINESSEUROPE, UEAPME, CEEP) issued a joint declaration at the Tripartite Social Summit of 24 October 2013 which included ten principles which should guide the involvement of social partners in the European economic governance. For the topic of this paper, the following principles appear of particular relevance:

> 4. The decision on how to organise wage bargaining is a national competence. Wage negotiations are organised at different levels in European countries in line with different industrial relations traditions. Paper 153.5 of the TFEU concerning social policy establishes that the issue of pay is out of the scope of EU competences. This should be taken into account by EU institutions, the European social partners and national governments. […]
>
> 7. Involving social partners in the elaboration and implementation of policies affecting directly or indirectly employment and labour markets all along the different steps of the European semester is essential with the view of taking into account their position. Social partner consultations should be timely and meaningful, allowing the necessary analysis and proposals and fitting within decision making processes. […]
>
> 9. There is no need for new structures/mechanisms to involve social partners in European economic governance. Improvements could nevertheless be obtained through a better functioning and coordination as well as in some cases through adapting existing structures/mechanisms as suggested in this statement.

10. There needs to be a coherent process of consultation of national and/or European social partners by Governments at national level, and with the Commission/Council/Parliament at European level (BUSINESSEUROPE, CEEP, ETUC, UEAPME 2013: 2).

The social partners' requests aim to strengthen their participation to all the stages of the European Semester: the preparation of the Annual Growth Survey and of the national Reform Programmes as well as the preparation of the Country Specific Recommendations and in the discussion and analysis about macro-economic imbalance procedures. The existing structures should enable an effective involvement of social partners in the European economic governance, with limited adjustments in their mission and formats. The importance of confirming their autonomous role in wage and labour issues is clearly underlined as the "European social partners stress that wage setting is and must remain the competence of national social partners at an appropriate level, in accordance with the diversity of industrial relations systems" (BUSINESSEUROPE, CEEP, ETUC, UEAPME 2013: 4).

4. Concluding remarks: summary and prospect

The relationship between the European Economic and Monetary Union and industrial relations at different levels is a complex one, varying over time and influenced by processes, like the globalisation of the economy and the EU enlargement, whose effects are not easy to disentangle. At the heart of these relations there are labour market and employment rules in a broad sense, as well as welfare arrangements. But prominent in this paper has especially been the focus on collective bargaining systems, and in particular on wage-setting mechanisms and wage policies.

The establishment of the euro, with its institutional architecture, brought about a radical change in the economic and institutional environment in which national industrial relations systems were traditionally embedded. The situation of the Eurozone was, and is, quite distant from an Optimal Currency Area as identified in Mundell's theory. The centralisation of monetary policy for the entire euro-zone under the ECB with the establishment of price stability as the "primary objective" of its mandate coexists with the persisting responsibility of national governments on fiscal policy, within the strict constraints of the Stability and Growth Pact and without, or with very limited, institutionalised possibility of fiscal transfers across countries. Moreover, the very limited (at least so far) geographical mobility of labour across countries makes it quite clear for policy-makers and experts alike that, in case of asymmetric shocks, the main if not exclusive burden for re-adjustment would fall on the shoulders of labour market rules, welfare arrangements and pension systems. Hence the pressure for changes in national industrial relations systems with a view to foster adaptability.

As a consequence of these new constraints, the relevant literature has long identified three main potential paths of adjustment of national industrial relations to EMU. A development towards a strongly decentralised and partly deregulated system, along the lines of 'negative market integration' envisaged by several influential authors especially in the first period of the EMU construction process. A re-nationalisation of industrial relations, involving a reinvigoration of national industrial relations institutions to cope with the enhanced competitive environment brought about by EMU and the broader process of European integration. An Europeanisation of industrial relations, referring either to the construction of a Europe-wide, vertically integrated industrial relations system, equivalent to those existing at national level, or, more likely, to the creation of a multi-level institutional framework (cross-national, national and company level) coordinated through EU initiatives, or also bilateral and unilateral social partners' actions, and geared towards common policies, processes and outcomes (Marginson and Sisson 2006).

There is a certain analytical asymmetry between these scenarios, often overlooked in the literature. In the first case institutional and procedural features (decentralisation, fragmentation, weakening of trade unions, decrease of bargaining coverage) are consistent and rather closely connected with substantive outcomes in terms and conditions of employment (overall low wage increases, growing differences and inequalities, less employment security and spread out of atypical contracts, prevalence of flexibility over security). By contrast, the latter two cases refer mostly to institutional and procedural dynamics, at national and EU level, that are *per sé* compatible with different substantive outcomes, from a race to the bottom in labour standards to an upgrading of working conditions linked with a "high road" to international competitiveness. While in the first scenario the process of adaptation of industrial relations to EMU is strongly market-driven, in the latter two scenarios is mostly institution-driven, at national, transnational and supranational level. These three adaptation paths of national industrial relations systems to EMU are not mutually exclusive, but can co-exist. In fact, traits of each scenario can empirically be found in any country although with a varying balance over time and by country (Traxler and Brandl 2009: 183-84).

This paper has identified three phases in the relationship between EMU and industrial relations: one from the Maastricht Treaty to 1998; the second one covering the post-EMU years from 1999 to 2007; the third one from the onset of the financial and economic crisis on, with two distinct sub-periods (2008-10; 2011-14). The changing role of actors' strategies in these phases, at various levels (national, EU and international level), is of great importance in influencing the industrial relations development towards one or another of the above mentioned scenarios, and in conditioning the concrete balance between them in different periods. We have above analysed, in particular, the role of EU authorities and that of trade unions, at national, cross-national and EU level, with their efforts to coordinate wage policies to prevent or contrast bargaining competition and wage and social dumping across countries. The role of employers was relatively less prominent and indicated the possible presence of an 'abstention stance', with no particular propensity towards coordination efforts across countries, but with an essential focus on EU-level processes and EU policies.

The main features of the industrial relations adaptation to EMU in the three phases are summarised in Table 2, which highlights the changing balance between the three scenarios over time.

In the first phase the re-nationalisation scenario seems to prevail in the form of tripartite National Social Pacts or similar arrangements, although many of them with mixed content, partly leaning towards forms of competitive corporatism or competitive solidarity, not inconsistent in principle with a negative integration scenario, partly promoting forms of 'high road' solution to competitiveness. Also decentralisation, and in some cases relocation, trends are however detectable, often, but not always, within an 'organised decentralisation' framework. Be it organised or disorganised, this development implies some erosion of the regulatory capacity of sector level agreements, with a greater role of company level bargaining, also due the first appearance of opening, hardship and derogation clauses, the increasing importance of MNCs, and the relative spread of pacts for employment and competitiveness. At cross-border level, there are several, but usually ineffective, attempts, mainly unilaterally promoted by trade unions, to coordinate wage policies at cross-sector or sector level, either with a Europe-wide reach (EMF) or involving a smaller number of countries. At EU level, the crucial feature is the establishment of the Stability and Growth Pact, with the strict limitations to national fiscal policies deriving from the constraints on public deficit and debts. Important is also the introduction of the European Employment Strategy, whose (limited) effects will mostly develop in the second phase.

The second phase is rather indeterminate with regard to the balance between the three scenarios, with possibly a weak Europeanisation trend. The renationalisation scenario looses some strength, as National Social Pacts in the post-EMU macroeconomic context tend to decline, although with some notable exceptions (Ireland, Spain); fewer Pacts can be observed, with mainly market conforming or market enhancing contents. According to some scholars (Hancké and Rhodes 2005: 2; Traxler 2003 and 2010), at least part of the governance functions of social pacts were in a sense incorporated into the EMU institutions and procedures, making them less necessary for governments; this, as said, does not imply however their complete disappearance. Pacts or corporatist institutions are observable in several CEE countries during and after the access period to EU (and in some cases to EMU), but often with a prevailing expressive function to legitimate governments policies rather than with an instrumental function in support of concerted policies as in most EU-15 countries in the 1990s (Traxler 2010; Pochet, Keune and Natali 2010). Sometimes, as in Poland, despite economic and social conditions ‘demanding’ social pacts, attempts in such direction have repeatedly failed, underlining that there is not a functionalist link between demand for and supply of social pacts (Gardawski and Meardi 2010). Still at national level a further decrease of the regulatory/governance capacity of sector level agreements is observable, in some cases within a ‘disorganised decentralisation’ development. The practice of opening clauses and derogations intensifies in several cases, although their use remains limited in other countries. Relocation processes take place as well, also favoured by the EU enlargement process. More generally, the trends towards decentralisation are reinforced by the intensified competition and the heightened diversity of interests between trade unions of low-wage/low-welfare countries and those of countries with opposite characteristics. Also because of this, trade-unions’ efforts to institutionalise cross-border wage coordination at sectoral or cross-sectoral level have had generally uncertain results, although an important case of successful coordination, albeit not a Europe-wide one, is observable in the metalworking sector between Germany and the Nordic countries. At EU level, important steps favouring the development of Europeanisation trends are the integration of the Employment Guidelines with the Macroeconomic Guidelines and the development of the Open Method of Coordination, initially launched only in connection with the European Employment Strategy but later extended to other policy issues.

In the third phase, the balance between the three paths of adaptation of industrial relations to EMU leans towards Europeanisation, combined with decentralisation trends at national level. A marked revitalisation of coordination efforts by EU institutions and authorities is evident, especially since 2011, through the European Semester and the attention devoted by Country Specific Recommendations to some basic elements of national industrial relations systems. From the point of view of this paper, the novelty of the reforms is to bring wage-setting mechanisms and wage policies within the ambit of the EU economic governance regime (Marginson and Welz 2014), conferring reinforced powers to the Commission and other EU authorities, especially tight with regard to Eurozone countries. The powers conferred to sovra-national institutions (EU Commission, ECB, IMF) are even more pervasive and relevant with regard to countries under financial assistance, as recently experienced by Greece, Ireland, Portugal, Spain, Cyprus, and Romania. These developments at EU level are paralleled by new ETUC attempts to establish a coordination at cross-country level of wage collective bargaining, flanking also an ‘ETUC Semester’ to the European Semester, although apparently with uncertain results. Another element of attempts at institution building at EU level in this phase can be found in the debate over the social dimension of the EMU and in the new focus on Social Macroeconomic Dialogue. These trends linked to the new EU economic governance, at national level tend to favour developments towards decentralisation of wage-setting systems and industrial relations in general, not always within a framework of organised decentralisation. A weakening of the multi-employer bargaining system, typical of most EU15 countries and some of the enlargement countries, can be observed in several cases, along with a partial erosion of the role of sector agreements (Marginson 2014; Marginson and Welz 2014; Visser 2013). Elements of renationalisation are apparent in some cases, like repeatedly in Italy with a number of inter-sectoral agreements since 2009, but they too seem instrumental to the decentralisation of wage-setting mechanisms. Finally, under the EU constraints, the public sector is almost everywhere theatre of a revival of government unilateralism, with a suspension or elimination of social dialogue and the bargaining machinery where these existed, although with some variation depending mostly on the country financial vulnerability (Bach and Bordogna 2013).

Which of the three scenarios of adaptation of industrial relations to EMU will prevail in the foreseeable future? A precise answer is as always difficult, depending on many interrelated factors.

Prominent conditions seem however the evolution of the present economic crisis and the policy orientations that will prevail at EU level within the new economic governance and by the ECB.

Scholars' opinions, although with obvious variation, have changed over time. The most feared scenario by many observers in the 1990s was probably that of negative market integration as the effect of the Single Market and of the EMU institutional construction, pushing towards forms of regime competition, decentralisation trends and downwards spirals in wages and working conditions. Also renationalisation elements, as the large revival of social pacts, were often interpreted as cases of competitive corporatism unable to contrast the downward spirals, with only some possibility to mitigate their effects. The first post-EMU period, until the recent crisis, initially coupled with positive economic developments, seemed to favour a less pessimistic, more balanced view. Influential accounts, while excluding the development of a vertically integrated European and Europe-wide industrial relations system, on the model of national systems, stressed however the potentialities of the re-nationalisation and the Europeanisation paths, within the building process of a multi-level, multi-speed industrial relations system in Europe. It was underlined that not only the three scenarios can co-exist, but, at least in important cases, renationalisation and Europeanisation can work as complementary processes, while 'Americanisation' seemed unlikely to prevail for empirical and analytical arguments.

After seven years of the deepest economic crisis since that of the 1930s, prospects seem markedly changed. The pronounced revitalisation of the EU level coordination, within the framework of the new economic governance, seems to be coupled with stronger decentralisation trends at national level, which are in many cases favoured by the new attention devoted by the EU (and, in some cases, international) institutions to matters related to national wage-setting mechanisms, wage policies and industrial relations in general. The multi-employer bargaining system, a traditional element of the European social model, at least in the EU-15 and part of the enlargement countries, is not only strained under the economic crisis and the heightened international competition, but according to some scholars is challenged if not openly under attack (Marginson 2014; Visser 2013). The new EU economic governance seems to have so far favoured these trends, along the lines of the internal devaluation logic allegedly inherent with the EMU and the connected institutional architecture. Within this framework, national actors, including national governments, apparently are left with no other freedom than to apply the EU inspired policies (Armingeon and Baccaro 2012).

According to some scholars, one of original features of the EMU construction is called into question by the recent crisis (De Grauwe 2009 and 2011; Armingeon and Baccaro 2012). That is, the asymmetry between a common currency with a one-size-fits-all monetary policy covering a large number of economically heterogeneous countries, and the persisting responsibility of national governments on fiscal policy, within the strict constraints of the Stability and Growth Pact and with no institutionalised possibility of significant fiscal transfers across countries. An asymmetry which was absent in other monetary unification processes, like in Germany in the early 1990s (De Grauwe 2009). The issue of the institutional arrangement supporting EMU is certainly topical and central in the debate about the future of the euro. However, the question of the policies that can inform the European Economic Governance is particularly important. The recent revitalisation of the social dimension of EMU, with the emphasis on collaborative social dialogue, as well as the renewed relevance taken on by the role of wage developments to support demand and reduce inequality, especially at the bottom of the income distribution, seem to provide a new framework for the prospects of industrial relations under EMU.

Table 2. Main features and developments in the relationship between EMU and Industrial Relations (1992-2014)

Levels	**Phase 1 (1992-1998)**	**Phase 2 (1999-2007)**	**Phase 3 (2008-2014)**
National	National Social Pacts (many with mixed content) Some erosion of the regulatory/governance capacity of sector level agreements, with greater role of company level bargaining (also due to the greater role of MNCs, and diffusion of PECs), and first cases of opening clauses and derogations	National Social Pacts (fewer with mainly market conforming or market enhancing content) Further decrease of the regulatory/governance capacity of sector level agreements, in some cases within a 'disorganised decentralisation' development	National Social Pacts (very few mainly in the framework of conditionality) Decentralisation pressures and trends, not always within an 'organised decentralisation' framework
Sovra- and cross-national	Establishment of the Stability and Growth Pact	Integration of the Macro-economic and Employment Guidelines	Reinforcement of EU coordination through the European Semester and the Country Specific Recommendations. Wage-setting mechanisms and wage policies within the ambit of the new EU economic governance
	Introduction of the European Employment Strategy	Emergence of the Open Method of Coordination	Debate on the Social Dimension of EMU
	First examples of cross-country wage coordination	Diffusion of cross-country wage coordination with limited results Intensified competition and increased diversity of interests between trade unions of low-wage/low-welfare countries and countries with opposite characteristics	Trade-union relaunch of the cross-country wage coordination, with uncertain results
Prevalent IR scenario	***(Re-)Nationalisation, but with developments both towards Americanisation and Europeanisation***	***Weak Europeanisation***	***Stronger Europeanisation, coupled with or favouring decentralisation trends at national level***

5. References

Ales E., Engblom S., Jaspers T., Laulom S., Sciarra S., Sobczak A. and Valdés Dal-Ré F. (2006), *Transnational Collective Bargaining: Past, Present and Future. Final Report*, Brussels: European Commission.

Armigeon K. and Baccaro L. (2012), "Political Economy of the Sovereign Debt Crisis: The Limits of Internal Devaluation", in *Industrial Law Journal*, 41(3): 254-275.

Avdagic S., Rhodes M. and Visser J. (eds) (2011), *Social Pacts in Europe: Emergence, Evolution, and Institutionalisation*. New York: Oxford University Press.

Baccaro L. (2003), "What is Alive and What is Dead in the Theory of Corporatism", in *British Journal of Industrial Relations* 41(4): 683–706

Baccaro L., Lim S.H. (2007), "Social Pacts as Coalitions of the Weak and Moderate: Ireland, Italy and South Korea in Comparative Perspective", in *European Journal of Industrial Relations*, 13(1):27-46.

Baccaro L. and Simoni M. (2008), "Policy Concertation in Europe. Understanding Government Choice", in *Comparative Political Studies* 41(10): 1323-1348.

Bach S. and Bordogna L. (2013), "Reframing public service employment relations: The impact of economic crisis and the new EU economic governance", in *European Journal of Industrial Relations*, 19(4): 279-294.

Bach S. and Pedersini R. (2013), "The consequences of the crisis for public sector industrial relations", in *Industrial Relations in Europe 2012*, Brussels: European Commission, 129-161.

Barbera M. (2000), *Dopo Amsterdam: I nuovi confini del diritto sociale comunitario*, Brescia: Promodis.

Barbera M. (ed) (2006), *Nuove forme di regolazione: il metodo aperto di coordinamento delle politiche sociali*, Milano: Giuffrè.

Bellardi L. (1999), *Concertazione e contrattazione: soggetti, poteri e dinamiche regolative*, Bari: Cacucci.

Bispink R. and Schulten T. (2011), *Sectoral-level bargaining and possibilities for deviations at company level: Germany*, Dublin: European Foundation for the Improvement of Living and Working Conditions.

Bispink R. and Schulten T. (2011), *Sectoral-level bargaining and possibilities for deviations at company level: Austria*, Dublin: European Foundation for the Improvement of Living and Working Conditions.

Bordogna L. and Pedersini R. (2013), "Public sector industrial relations in transition", in *Industrial Relations in Europe 2012*, Brussels: European Commission, 93-127.

BUSINESSEUROPE, CEEP, ETUC, UEAPME (2013), *Social Partner Involvement in European Economic Governance. Declaration by the European social partners*, Tripartite Social Summit, Brussels, 24 October.

Calmfors L. (2001), "Macroeconomic policy coordination in the EU: How far should it go?", in *Swedish Economic Policy Review*, 8: 3-14.

Commons J.R. (1909), "American Shoemakers 1648-1895: A Sketch of Industrial Evolution", in *The Quarterly Journal of Economics*, 24(4): 39-83.

Crouch C. (ed) (2000), *After the Euro: Shaping Institutions for Governance in the Wake of EMU*, Oxford: Oxford University Press.

Crouch C., Traxler F. (eds) (1995), *Organised Industrial Relations in Europe: What future?*, Aldershot: Avebury.

De Grauwe P. (1992 first edition; 2009), *The Economics of Monetary Integration*, Oxford: Oxford University Press.

De Grauwe, P. (2000) ‘Monetary Policies in the Presence of Asymmetries’. *Journal of Common Market Studies*, Vol.38, No. 4, pp. 593–612.

De Grauwe P. (2009), “The Euro at ten: achievements and challenges”, in *Empirica*, 36, pp. 5-20.

De Grauwe P. (2011), *The Governance of a Fragile Eurozone*, Brussels: CEPS Working Document No. 346.

Dølvik J. E. (2000), *Economic and Monetary Union: Implications for Industrial relations and Collective Bargaining in Europe*, ETUI Working Paper 2000.01.04, Brussels: ETUI.

Dølvik J. E. (2004), “Industrial relations in EMU: are renationalisation and Europeanisation two sides of the same coin?”, in Martin and Ross (eds), pp. 278-308.

Dore R., Boyer R., Mars Z. (eds) (1994), *The Return to Incomes Policy*, London: Pinter.

Dufresne A. (2006), “Sectoral employer strategies in the EU. Lobbying by partners?”, in Dufresne A., Degryse C. and Pochet P. (eds) *The European Sectoral Social Dialogue. Actors, Developments and Challenges*. Brussels: Lang, 249–279.

EIRO (European Industrial Relations Observatory) (2001), *Annual Review*, *2000*, Luxembourg, Office for the Official Publications of the European Communities, http://www.eiro.eurofound.ie/

EMF (2001), *Report on the European Coordination Rule*, draft document (presented at the EMF Executive Committee meeting, Brussels, 2-3 May).

European Commission (2008), *Communication from the Commission to the European Council. A European Economic Recovery Plan*, COM(2008) 800 final.

European Commission (2009a), *Communication for the Spring European Council. Driving European recovery*, COM(2009) 114 final.

European Commission (2009b), *Employment Summit*, *7 May 2009*, *Main messages*.

European Commission (2009c), *Communication from the Commission. European financial supervision*, COM(2009) 252 final.

European Commission (2011a), *EU economic governance: Commission sets the yearly priorities for EU growth*, Press Release of 12 January 2011, IP/11/22.

European Commission (2011b), *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Annual Growth Survey: advancing the EU’s comprehensive response to the crisis*, COM(2011) 11 final.

European Commission (2013), *Communication from the Commission to the European Parliament and the Council. Strengthening the social dimension of the Economic and Monetary Union*, COM(2013) 690 provisoire.

European Council (2011), *Conclusions of the European Council of 24-25 March 2011*, EUCO 10/1/11.

European Council (2013), *Conclusions of the European Council of 27-28 June 2013*, EUCO 104/2/13 REV 2.

Fajertag G., Pochet Ph. (eds) (1997), *Social Pacts in Europe*, Brussels: ETUI.

Fajertag G., Pochet Ph. (eds) (2000), *Social Pacts in Europe - New Dynamics*, Brussels: ETUI.

Gardawski J. and Meardi G. (2010), "Keep trying? Polish failures and half-successes in social pacting", in Pochet, Keune and Natali (eds): 371-394.

Glassner V. (2009), "Transnational collective bargaining coordination at the *European* sector level: The outlines and limits of a 'European' system", *International Journal of Labour Research*, 1(2), Geneva: International Labour Office, 113-129.

Glassner V. and Keune M. (2010), *Negotiating the crisis? Collective bargaining in Europe during the economic downturn*, DIALOGUE Working Paper No. 10, Geneva: International Labour Office.

Glassner V., Keune M. and Marginson P. (2011), "Collective bargaining in a time of crisis developments in the private sector in Europe", in *Transfer*, 17(3): 303-321.

Glassner V., Pochet Ph. (2011), *Why trade unions seek to coordinate wages and collective bargaining in the Eurozone: past developments and future prospects*, Brussels: ETUI, Working Paper 2011.03.

Goetschy, J. (1999), "The European Employment Strategy: Genesis and Development", in *European Journal of Industrial Relations*, vol. 5, no. 2, pp. 117-137.

Goetschy, J. (2000), "The European Union and National Social Pacts: Employment and Social Protection put to the Test of Joint Regulation", in Fajertag and Pochet, pp. 41-60.

Goetschy, J. (2001), "The European employment strategy from Amsterdam to Stockholm: Has it reached its cruising speed?", in *Industrial Relations Journal*, vol. 32, no. 5, pp. 117-137.

Goetschy J. (2003), "The European employment strategy, multi-level governance and policy coordination: Past, present and future", in Zeitlin J. and Trubek D. (eds), *Governing Work and Welfare in the New Economy: European and American Experiments*, Oxford: Oxford University Press.

Gros D., Jones E. (1996), "Competitiveness, Adjustment and Monetary Union: Europe in a Global Economy", in Jacoby O. and Pochet Ph. (eds), *A Common Currency Area – a Fragmented Area for Wages?*, Düsserdolf: Hans Böckler Stiftung, pp. 53-64.

Hancké B. (2013a), "The missing link. Labour unions, central banks and monetary integration in Europe", in *Transfer*, vol. 19, no. 1: 89-101.

Hancké B. (2013b), *Unions, Central Banks and Emu: Labour market institutions and monetary integration in Europe*, Oxford: Oxford University Press.

Hancké B. and Rhodes M. (2005), "EMU and Labour Market Institutions in Europe: The Rise and Fall of National Social Pacts", in *Work and Occupations*, 32 (2): 196-228.

Hassel A. (2003), "The Politics of Social Pacts", in *British Journal of Industrial Relations* 41(4): 707–726.

Hassel A. (2006), Wage Setting, Social Pacts and the Euro. A New Role for the State, Amsterdam: Amsterdam University Press.

Hassel A. (2009), "Policies and Politics in Social Pacts in Europe", in *European Journal of Industrial Relations* (1): 7-26.

Hyman R. (1999) "National Industrial Relations Systems and Transnational Challenges: An Essay in Review", *European Journal of Industrial Relations* 5(1): 89–110.

Initiative de Doorn (2004), *Déclaration sur la discussion du temps de travail*, Déclaration conjointe adoptée par les syndicats belges, français, allemands, luxembourgeois et des Pays-Bas, Berlin, novembre 2004.

Issing O. (1996), *Europe: Political Union through Common Money?*, London: Institute of Economic Affairs, Occasional Paper, no. 98.

Issing O. (2002), "On Macro-Economic Policy Coordination in EMU", in *Journal of Common Market Studies*, 40(2): 345-58.

Issing O. (2009), *The Birth of the Euro*, Cambridge: Cambridge University Press.

Johnston A. and Hancké B. (2009), "Wage inflation and labour unions in EMU", *Journal of European Public Policy*, 16(4), 601-622.

Kauppinen T. (ed) (1998), *The Impact of EMU on Industrial Relations in European Union*, Helsinki: Finnish Industrial Relations Association, Publication No 9.

Keller B (2003), "Social Dialogue – The State of the Art a Decade after Maastricht", in *Industrial Relations Journal*, 34-5: 411-429.

Keller B. and Platzer H.-W. (2003), *Industrial Relations and European Integration. Trans- and Supranational Developments and Prospects,* Aldershot und Burlington: Ashgate.

Keller B. and Weber S. (2011), "Sectoral social dialogue at EU level: Problems and prospects of implementation", in *European Journal of Industrial Relations*, 17(3): 227-243.

Keune M. (2010), *Derogation clauses on wages in sectoral collective agreements in seven European countries*, Dublin: European Foundation for the Improvement of Living and Working Conditions.

Kochan Th. (1993), "Teaching and Building Middle Range Industrial Relations Theory", in Adam R.J. and Meltz N.M. (eds), *Industrial Relations Theory. Its Nature, Scope and Pedagogy*, Metuchen N.J. and London: IMLR Press/Rutgers University and Scarecrow Press, pp. 353-380.

Lehndorff S. (2011), "Before the crisis, in the crisis, and beyond: the upheaval of collective bargaining in Germany", in *Transfer*, 17(3): 341-354.

Leonard E., Erne R., Marginson P., and Smismans S. (2007), *New structures, forms and processes of governance in European industrial relations*, Dublin: European Foundation for the Improvement of Living and Working Conditions.

Marginson P. (2005), "Industrial Relations at European Sector Level: The Weak Link?", *Economic and Industrial Democracy*, 26(4), 511–540.

Marginson, P. (2014), Coordinated bargaining in Europe: From incremental corrosion to frontal assault?, in *European Journal of Industrial Relations*, OnlineFirst, 15 April.

Marginson P, Schulten T. (1999), *The 'Europeanisation' of Collective Bargaining*, Dublin: European Foundation for the Improvement of Living and Working Conditions, *EIROnline*, July, http://www.eiro.eurofound.ie/.

Marginson P. and Traxler F. (2005), "After Enlargement: Preconditions and Prospects for Bargaining Coordination", *Transfer*, 11(3): 423-438.

Marginson P. and Sisson K. (2006), *European Integration and Industrial Relations: multi-level governance in the making*, Houndmills, Basingstoke: Palgrave Macmillan.

Marginson P., Keune M. and Bohle D. (2014), "Negotiating the effects of uncertainty? The governance capacity of collective bargaining under pressure", *Transfer*, 20(1): 37-51.

Marginson P. and Welz Ch. (2014), *Changes to wage-setting mechanisms in the context of the crisis and the EU's new economic governance regime*, Dublin: European Foundation for the Improvement of Living and Working Conditions.

Martin A. (1997), "Social pacts: a means for distributing unemployment or achieving full employment?", in Fajertag and Pochet (eds): 37-44.

Martin A. (1998), *EMU and Wage Bargaining: The Americanisation of the European Labor Market?*, Center for European Studies-Harvard University, September.

Martin A. (2000), "Social Pacts, Unemployment and EMU Macroeconomic Policy", in Fajertag and Pochet (eds): 365-400.

Martin A. (2004), "The EMU macroeconomic policy regime and the European social model", in Martin and Ross (eds): 20-50.

Martin A., Ross G. (eds) (2004), *Euros and Europeans: Monetary Integration and the European Model of Society*, Cambridge: Cambridge University Press.

Meardi G. (2002). "The Trojan Horse for the Americanisation of Europe? Polish industrial relations towards the EU", *European Journal of Industrial Relations*, 8(1), 77–99.

Meardi G. (2005) "Social Pacts on the Road to EMU: A Comparison of the Italian and Polish Experiences", paper to the SASE Conference, Budapest.

Natali D. and Pochet Ph. (2010), "The last wave of social pacts in Europe: problems, actors and institutions", in Pochet, Keune and Natali (eds), pp. 13-43.

OECD (1999), *EMU: Facts, Challenges and Policies*, Paris: Oecd.

OECD (2000), *EMU: One Year On*, Paris: Oecd.

Pedersini, R. (2008), "Flexicurity and industrial relations", in *European Industrial Relations Observatory on line*, Dublin: European Foundation for the Improvement of Living and Working Conditions, http://www.eurofound.europa.eu/docs/eiro/tn0803038s/tn0803038s.pdf.

Pochet Ph. (ed.) (1999), *Monetary Union and Collective Bargaining in Europe*, Brussels: P.I.E.-Peter Lang.

Pochet Ph. (2010), "EU 2020. Social Impact of the new form of European governance", *ETUI Policy Brief – European Social Policy*, 5/2010.

Pochet Ph., Fajertag G. (1997), "Social pacts in Europe in the 1990s. Towards a European social pact?",, in Fajertag G., Pochet Ph. (eds): 9-25.

Pochet Ph., Fajertag G. (2000), "A New Era for Social Pacts in Europe",, in Fajertag G., Pochet Ph. (eds): 9-41.

Pochet P., Keune M. and Natali D. (eds.) (2010), *After the euro and enlargement: social pacts in the EU*, Brussels: ETUI.

Regini M. (2000), "Between De-regulation and Social Pact. The Responses of European Economies to Globalisation", in *Politics and Society*, 28(1), pp. 5-33.

Rhodes M. (1998), "Globalisation, Labour Markets and Welfare States: A Future of 'Competitive Corporatism'?", in Rhodes M. and Meny Y. (eds), *The Future of European Welfare*, London: Macmillan Press, pp. 178-203.

Rhodes M. (2001), "The Political Economy of Social Pacts: 'Competitive Corporatism' and European Welfare Reform", in Pierson P. (ed), *The New Politics of the Welfare State*, Oxford: Oxford University Press, pp. 165-196.

Scharpf F. (1996), “Negative and Positive Integration in the Political Economy of European Welfare States”, in Marks G., Scharpf F., Schmitter Ph., and Streeck W., *Governance in the European Union*, London: Sage, pp. 15-39.

Scharpf F. (1999), *Governing in Europe: Effective and Democratic?*, Oxford: Oxford University Press.

Scharpf F. (2002), “The European Social Model: Coping with the Challenges of Diversity”, in *Journal of Common Market Studies (4)*: 645-670.

Scharpf F (2011), Monetary Union, Fiscal Crisis and the Preemption of Democracy, London: LSE, LEQS Paper no 36.

Schelkle W. (2013), “Monetary integration in crisis: how well do existing theories explain the predicament of EMU?”, in *Transfer,* vol. 19, no. 1: 37-48.

Schulten Th. (2001), “On the Way Towards Downward Competition? Collective Bargaining under the European Monetary Union”, in Schulten Th., Bispinck R. (eds): 17-36.

Schulten Th. (2002), “A European Solidaristic Wage Policy?”, in *European Journal of Industrial Relations* (2): 173-196.

Schulten Th., Bispinck R. (eds) (2001), Collective Bargaining under the Euro. Experiences from the European Metal Industry, Brussels: ETUI.

Schulten, T, Müller, T. (2013), A New European Interventionism? The impact of the new European economic governance on wages and collective bargaining, in D. Natali and B. Vanhercke, editors, *Social developments in the European Union 2012*, Brussels: ETUI, pp. 181-213.

Sciarra S. (2000), “Integration through Coordination: The Employment Title in the Amsterdam Treaty”, in *Columbia Journal of European Law*, 6, p. 209.

Sisson K., Arrowsmith J., Gilman M. and Hall M. (1999), *EMU and the Implications for Industrial Relations. A Select Bibliographic Review*, Dublin: European Foundation for the Improvement of Living and Working Conditions.

Sreeck W. (1994), “European Social Policy after Maastricht: the ‘Social Dialogue’ and ‘Subsidiarity’”, in *Economic and Industrial Democracy*, 15: 151-177.

Streeck W. (1995), “From Market Making to State Building? Reflexions on the Political Economy of European Social Policy”, in Leibfried S. and Pierson P. (eds), *European social Policy between Fragmentation and Integration*, Washington: Brookings Institution, pp. 389-431.

Streeck W. (1996), “Neo-Voluntarism: A New European Social Policy Regime”, in in Marks G., Scharpf F., Schmitter Ph., and Streeck W., *Governance in the European Union*, London: Sage, pp. 64-94.

Streeck W. (2000), “Competitive solidarity: Rethinking the European Social Model”, Presidential Address, 11th Annual Meeting of SASE, Madison June 1999, published in Hinrichs K, Kitschelt H, Wiesenthal H (eds), *Kontingenz und Krise*, Frankfurt: Campus, pp. 245-261.

Streeck W. (2009), *Reforming Capitalism. Institutional Change in the German Political Economy*, Oxford: Oxford University Press.

Traxler F. (1995a), “Farewell to Labour Market Associations? Organized versus Disorganized Decentralisation as a Map for Industrial Relations”, in Crouch and Traxler (eds), pp. 3-19.

Traxler F. (1995b), “From Demand-side to Supply-side Corporatism? Austria’s Labor Relations and Public Policy”, in Crouch and Traxler (eds), pp. 271-286.

Traxler F. (1997), “The Logic of Social Pacts”, in Fajertag-Pochet (eds), pp. 27-36.

Traxler F. (1999), “Wage-setting institutions and European Monetary Union”, in Huemer G., Mesch M. and Traxler F. (eds), *The role of employer associations and labour unions in the EMU*, Aldershot: Ashgate, pp. 115-136.

Traxler F. (2000), “National Pacts and wage Regulation in Europe”, in Fajertag-Pochet (eds), pp.401-417.

Traxler F. (2003), “European Monetary Union and Collective Bargaining”, in B. Keller and H.-W. Platzer (eds.) *Industrial relations and European Integration.* Aldershot: Ashgate, 85-111.

Traxler F. (2010), “Corporatism(s) and pacts: changing functions and structures under rising economic liberalism and declining liberal democracy”, in Pochet P., Keune M. and Natali D. (eds.): 45-82.

Traxler F. and Brandl B. (2009), “Towards Europeanisation of Wage Policy: Germany and the Nordic Countries”, *European Union Politics*, 10(2): 177-201.

Traxler F., Brandl B. and Glassner V. (2008), “Can cross-border bargaining coordination work? Analytical reflections and evidence from the metal industry in Germany and Austria”, *European Journal of Industrial relations*, 14(2): 217–237.

Visser J. (2013), *Wage Bargaining Institutions: from Crisis to Crisis*, Brussels: European Commission, Directorate-General for Economic and Financial Affairs, Economic Papers No. 488.

Table. 1. ***Wage guidelines or recommendations under national competitive corporatism***

Country	Agreement	Wage Guidelines or Recommendations
BE	Cross-sectoral bipartite agreements (1998 and 2001, linked to the Law on national competitiveness)	Set maximum wage increase which should correspond with the average wage increases in France, Germany and the Netherlands
DK	National tripartite declaration (1987)	Increases in Danish labour costs should not exceed increases in competing countries
FI	Agreement of the National tripartite incomes policy commission (1995)	Pay rises should be in line with the total sum of the Bank of Finland's (and subsequently the ECB) inflation target and national productivity growth
DE	Statement of the National tripartite 'Alliance for jobs, vocational training and competitiveness' (Joint declaration December 1998; 2000; difficult renewal 2002-2003)	Results of collective bargaining should be based on productivity growth and should be primarily used for job-creation measures
EL	National tripartite 'Confidence Pact' agreement (1997)	Wages should rise in line with inflation, and should also reflect part of national productivity growth
IR	National tripartite agreements (1987, 1990, 1994, 1997, 2000)	Maximum pay increases are set in line with the European Stability Pact
IT	National tripartite agreements (1993 e 1998)	Nationally agreed wage increases should reflect National and average European inflation, additional wage agreements at company level should reflect productivity
NO	National tripartite incomes policy agreements (1992 and 1999)	Pay rises should be in line with average wage increases in Norway's main trading partners
PT	National tripartite agreement 'Employment Pact' (1996)	Pay rises should reflect inflation and productivity growth
NL	National bipartite agreements within the Labour Foundation (1982, 1993, 1999)	Recommendation of moderate wage increases in order to improve overall competitiveness
ES	Bipartite national pay moderation accord (2001). Pay negotiation during 2002 concluded within framework agreement	Wages should reflect forecast inflation and productivity growth
SE	Bipartite agreement for the industry (1997)	Recommendation for a 'European norm' according to which Swedish wages should not rise faster than the EU average

Source: adaptation from Schulten-Bispinck 2001, p. 24, integrated with Marginson and Sisson 2006, Table 5.1.