

Corporatist Governance and Europeanisation: No Future in the Multi-level Game?

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Abstract

This article argues that against all odds, the corporatist inclusion of the major societal interests in public decision-making is still a relevant governance mechanism in the European multi-level system. At the national level, a diversity of systems continues to operate. At least in some cases, corporatist arrangements (which tend to be austerity- and supply-side oriented) were prompted by the establishment of the EC Internal Market and the EMU. At the European level, the fragmented EU system encompasses significant differences among policy areas, including -- against frequent expectations -- corporatist patterns, too (notably in social policy). It seems that corporatist governance still has a role to play, especially in the context of implementing and 'legitimising' the politics of the EMU.

Kurzfassung

Dieser Beitrag argumentiert, daß entgegen vielfachen Erwartungen die korporatistische Einbeziehung von privilegierten organisierten Interessen in die politische Entscheidungsfindung auch im Mehrebenensystem der Europäischen Union noch relevant ist. Auf nationaler Ebene bestehen nach wie vor unterschiedliche Modelle von Interessenpolitik. Zumindest in manchen Fällen wurden korporatistische Arrangements (zumeist mit austeritäts- und angebotsseitiger Ausrichtung) als Reaktion auf den EG-Binnenmarkt und die Konvergenzkriterien zur Wirtschafts- und Währungsunion eingerichtet. Auf EG-Ebene bestehen zwischen einzelnen Sektoren und Politikbereichen extreme Unterschiede, neben vielbeschriebenen pluralistischen Mustern gibt es aber auch noch weniger beachtete korporatistische (v.a. in der Sozialpolitik). Sowohl auf nationaler wie auf europäischer Ebene ist festzustellen, daß der korporatistische Politikstil heute speziell im Kontext der praktischen Durchsetzung und sozialen Akzeptanzförderung der Wirtschafts- und Währungsunion zum Einsatz kommt.

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1

The forecast for corporatist policy styles(1) are usually dim. For national corporatism, a general decline has been predicted. Alongside shifting powers to the EU level, mainstream scholarly thinking anticipates a development towards transnational pluralism. A closer analysis of recent developments at both levels, however, appears to contest these prognoses.

This article will first present the standard arguments with a view to the decay of corporatism in Europe. These shall -- after a brief outline of the relevant political science concepts -- be contrasted with countervailing evidence. The conclusions will discuss the role and the impact of prevailing corporatist patches within contemporary European governance.

1. The forecast: a fading out of corporatism?

For the *national systems*, experts have predicted a decline of corporatism and convergence of industrial relations in the direction of disorganisation (e.g. Lash and Urry 1987). Three main arguments have been used to underline this trend (see overview in Traxler 1995a: 3f): deregulation; decentralisation of bargaining; and disorganisation in the narrow sense, i.e. the decline in organising capacities of the major interest groups. Windolf (1989) expected 'productivity coalitions' within single enterprises to replace corporatist systems at the macro and meso levels. The relevant background to such assumptions were changes in production patterns and the rise of the service sector, along with liberalisation and increased competition in world markets.

For West-European states, the progress in economic integration since the mid-1980s was expected to further the decline of national corporatism. First, Europeanisation of previously national competences dismantled not only 'national sovereignty' (as vague as the concept may be), but cut down the fields

of possible social partner influence within national systems (e.g. Seidel 1989: 92; Wimmer/Mederer 1990: 208; Korinek 1994: 139f). The effects of this were expected to be multiple, as a loss in bargaining chips could also hinder subsequent cross-sectoral log-rolling (Tálos 1994: 176f; Falkner 1993b: 94).

Second, pluralist patterns of interest politics at the European level were expected to bear repercussions at the national level. Industry was seen to draw political strength from its organisational weakness at the European level, where it successfully rejected centralised negotiations with labour (Streeck/Schmitter 1991: 206ff). This was expected to -- at least in the long run -- impact upon the balance of power in the member states. At the policy level, the absence of EC social policy harmonisation might bring about regime competition and social dumping, thus weakening labour's bargaining power. Capital's threat of exit, by contrast, gained substantially in weight due to the market liberalisation programme 'Europe 1992' (e.g. Falkner 1993a)(2). In a nutshell: much debated threats to national corporatism originate at the national, the European, and the world market levels.

Concerning the applicability of the corporatist approach at the *European level*, the mainstream assessment during the pre-Maastricht era was effectively summarised by Streeck's and Schmitter's 1991 paper entitled 'From National Corporatism to Transnational Pluralism'. There, the authors state that 'interest representation around and within the Community was always much more "pluralist" than corporatist; more organisationally fragmented; less hierarchically integrated; more internally competitive; and with a lot less control vested in peak associations over their affiliates, or in associations over their members' (Streeck/Schmitter 1991: 200). Concerning the procedural dimension, their major point was 'that in the uniting supra-national Europe, it was not only the case that labour was and continues to be *under-organised*, but there also was never a real possibility of a mutually organising *interaction effect*, a *Wechselwirkung*, between labour and the two other major players in the political economy, capital and the state' (ibid.: 204; emphasis in original). Streeck and Schmitter came to the conclusion that 'the evolutionary alternative to neo-liberalism as a model for the European political economy is clearly not ... neo-corporatism. More likely appears an American-style pattern of "disjoint pluralism" ... characterised by a profound absence of hierarchy and monopoly among a wide variety of players of different but uncertain status' (ibid.: 227).

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Many authors have since supported their conclusions(3). This article will nevertheless present some challenges to them. While none of the above-mentioned arguments is wrong, others have been overlooked: mainly the usefulness of corporatist policy styles for the legitimisation of both policies and politics. *My argument is that* public--private co-operation in decision-taking, under conditions which privilege a few private interests, will persist as one among several modes of governance. There is indeed qualitative change rather than a *general* retreat of non-pluralist patterns. Before empirical material from both the national and the European levels shall be presented, however, the notion of 'corporatism' has to be put into some perspective.

2. From pluralism to corporatism and beyond

The academic debate on (neo-)corporatism(4) has continued ever since the notion was rediscovered by Lehmbruch and Schmitter in 1974. Their concept opposed the pluralist way of analysing the role of organised interests in the political life of Western democracies, popular in post-war political science. Governments were no longer perceived as only passively influenced or 'captured' by a huge number of independently acting pressure groups. The latter were seen as not only 'representing', but also actively governing their members' interests. The new perspective considered the state as a constituent actor in the organisation of collective interests in society (Streeck 1994: 9).

Over time, corporatism has developed into a 'highly complex phenomenon (or set of phenomena) of which different dimensions are covered by diverse conceptualisations' (Lehmbruch 1982: 2). Predominantly, there are two dimensions: the structural and the procedural. With regard to the *institutional set-up* of corporatist systems, Philippe Schmitter (1979: 13) formulated the characteristics as a limited number of singular, compulsory, non-competitive, hierarchically ordered, and functionally differentiated categories, recognised, or licensed (if not created) by the State, and granted a deliberate representational monopoly. A pluralist system, by contrast, comprises an unspecified number of multiple, voluntary, competitive, non-hierarchically ordered, and self-determined (as to type and scope of interest) categories not licensed, recognised, subsidised, created, or otherwise controlled by the State, without monopoly of representational activity within their respective categories. Clearly, these are *ideal types only* which are hardly met in reality. With regard to *patterns of policy-making*, Lehmbruch opposed 'corporatist' co-operation of organisations and public authorities to 'pluralist' pressure politics (e.g. Lehmbruch 1982: 8). A corporatist mode of policy formation was also described as one 'in which formally designated interest associations are incorporated within the process of authoritative decision-making and implementation. As such they are officially recognised by the state not merely as interest intermediaries but as co-responsible "partners" in governance and social guidance' (Schmitter 1981: 295).

A major source of inconsistency within research on 'corporatism' was whether this term should include a *specific brand of economic policy*, i.e. Keynesian demand-side steering of the economy. Although Schmitter explicitly wanted the concept of corporatism not to be attached to 'a single political culture, regime-type or macro-societal configuration' (Schmitter 1979: 8), later definitions have tended to highlight an output dimension in addition to aspects of the input-side of the decision-making process (i.e. structure of groups and pattern of co-operation). The inclusion of a 'policy dimension' in the definition of corporatism, however, unnecessarily restricts the approach to some regimes only, and to a specific phase of history when Keynesianism was indeed practised. In addition: Only if the notion is divorced from a specific material policy, can the economic effects of corporatist systems as such be investigated. There are thus good reasons for *perceiving of corporatism as a governance modus rather than as a type of policy*.

Already during the 1980s, corporatist patterns were traced *outside the 'macro' level* of trans-sectoral political systems. 'Meso-corporatism' or 'sectoral corporatism' were used to denominate corporatist 'arenas' at the level of industrial sectors, sub-national units or single policy areas (Lehmbruch 1982: 27; Cawson ed. 1985; Streeck 1994: 17). Academic attention subsequently shifted to other fashionable labels such as, above all, 'policy networks' (Marsh/Rhodes 1992; Kenis/Schneider 1992). This theoretical shift paid tribute to the empirical finding that policy-making increasingly happens in sectoral or even issue specific sub-polities.⁽⁵⁾ But even long after the heyday of 'corporatism' in the late 1970s and early 1980s, the concept still belongs to the basic political science tool-kit. To give just one example: In a much quoted contribution on dimensions and types of policy networks, van Waarden still uses 'corporatism' as a distinctive feature, referring to it as 'the degree of integrated participation by economic interest groups in the public policy process' (1992: 29). Obviously, there is still a need for a label characterising a form of public--private interaction which includes only a small number of privileged societal interests (typically: labour and employers) who are co-actors in public policy-making. That is notwithstanding the fact that due to economic and political developments, it is now less likely that, within otherwise fragmented polities, corporatist patterns should still cover *all* important areas of public policy such as Lehmbruch's ideal type of macro-corporatism assumed.

policy, on the other, it seems recommendable not to use the label 'corporatism' as such any longer. Nevertheless, I claim that *corporatist patterns may still today characterise the policy process*. The functional scope of corporatist arrangements (cross-sectoral, sectoral/policy specific, or micro-level) and the specific economic policy orientation should both be seen as empirical questions. *My central argument is* that even under the condition of a multiplicity of diverse sectoral systems (be it at the state or the EU levels), it is highly relevant to distinguish the *specific* patterns of interest politics. The overall view will always appear pluralist -- simply because of the variety of co-existing sub-systems. But sectoral differences should not be overlooked and within specific areas, corporatist patterns may still prevail.

3. National politics: continuing diversity and supply side corporatism

Against frequent expectation, recent studies have revealed that there is not convergence, but *continuing divergence* of the national industrial relations systems in Europe (see Traxler 1995a and the contributions to Crouch/Traxler eds. 1995). As far as corporatist patterns prevail, there are two specifically interesting factors to be mentioned: first, they may sometimes even be prompted (instead of harmed) by European integration; second, economic developments may bring about a new brand of 'supply-side corporatism' which is considered an asset in international market competition.

1) It seems that the effects of Europeanisation do not unilaterally prompt a decline in corporatist patterns, but may, depending e.g. on the specific institutional set-up and the political situation in a member state, also favour the contrary. Thus, Andersen (1995) describes the implementation of the Single Market's banking policy in *Denmark* to have brought about increased centralisation of collective bargaining, not a decentralisation: 'cartels have developed into associations and industrial trade unions' (ibid.: 262). In this case, the institutional set-up of interest politics was changed in the direction of corporatist patterns(6). In *Norway*, a procedural aspect developed similarly: Parliament approved a law on the extension of collective agreements in order to prevent social dumping when Norway became a member of the European Economic Area (Traxler 1995a: 12). The brief history of *Austrian* EC membership shows that the well-known system of 'social partnership' managed to establish a system of co-ordinated tripartite policy-making with a view to adopting 'national' positions on EC draft law. Concerning the implementation of EC Directives, the major associations' de facto right to consultation in the legislative process was for the first time laid down by law. At least during the first years of EC membership, social partnership seems not to have suffered (Karlhofer/Tálos 1996).

A further important fact is that the Union increasingly builds on innovative regulatory patterns involving decision-making at lower levels and partly by the social partners. The recent European Works Councils Directive is a major example of this (see Falkner 1996b): Even *Ireland*, a country without corporatist culture, has made recourse to social partner involvement in the process of this Directive's implementation (UPE 1995)(7).

Already the Single Market Programme has made some governments try to revitalise incomes-policy concertation (e.g. the Portuguese, Spanish, and Italian; Traxler/Schmitter 1995: 212). EMU could well induce a similar development with even wider functional scope: The Maastricht Treaty's convergence criteria have put considerable strain on the member states' budgets, but cuts in expenditure are hard to sell to the public without the consent of the major interest groups. Thus, we witness efforts to reach tripartite agreements between governments and societal interests with a view to austerity in many member states, even beyond those which used to be labelled corporatist (mainly Austria, Germany, the Netherlands, and Sweden). The names for such pacts typically focus on the fight against unemployment, but they mostly aim at a whole bundle of measures designed to implement and supplement measures with a view to approaching EMU membership (predominantly

cuts in public spending, pay moderation, and measures to enhance competitiveness).

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In *Italy*, the most recent of three tripartite pacts was signed in autumn 1996 with the explicit aims of alleviating the current unemployment crisis and enhancing both flexibility and competitiveness (EIRR 274: 8). In *Portugal*, a tripartite Economic and Social Agreement was reached in 1991, and the new socialist government in early 1996 succeeded with tripartite talks on a new social pact consisting of many issues including wages, taxation, employment, working time, and competitiveness (EIRR 263: 10; 264: 11; 266: 11; 268: 30). Also *Spain's* new conservative government is seeking discussions with the social partners (EIRR 269: 1). In *Belgium*, attempts by the government to reach a tripartite 'employment contract for the future' failed (EIRR 262: 4; 267: 4). But a framework law on pay and employment, adopted by Parliament in autumn 1996, builds on a draft tripartite agreement with a view to supporting Belgium's path to EMU: pay indexation will keep line with average rises in France, Germany and the Netherlands. The government can furthermore legislate without presenting the details to Parliament. Implementation will be discussed with the social partners (EIRR 272: 4; 268: 4). In *Ireland*, tripartite pay agreements are held to have been effective in containing wage increases and promoting growth and stability -- the fourth such pact is currently being envisaged (EIRR 268: 9). In *Austria*, the government had to realise that the 1995 austerity programme, not agreed with the social partners, was quite harmful in terms of public acceptance. Consequently, labour's and industry's consent was sought for a similar enterprise in 1996. In the case of *France*, commentators have blamed a deficit in organised social dialogue for the strike crisis in late 1995 (EIRR 264: 6). This is one more indicator for a perceived utility of corporatist arrangements in the frame of a smooth adaptation of European societies to EMU along the neo-liberal economic policy lines agreed in Maastricht.

To sum up: Notwithstanding other effects of European integration, there are indicators that sometimes, corporatist patterns might also originate or be strengthened as a sort of spill-over from EC politics.

2) When it comes to policy contents, many of the corporatist arrangements which are now prompted by European integration seem not really novel in kind. In fact, they fit into a broader trend: Traxler has observed that 'in contrast to the assumption of the disorganisation thesis ... there seems to be a growing need for a new type of "supply-side" corporatism aimed at backing a country's competitiveness' (1995a: 13). This refers to a change in the functions of corporatist systems rather than a general movement towards pluralist pressure politics. Compared to the Keynesian demand-side corporatism, the new version targets qualitative aspects of industrial relations rather than the regulation of aggregate demand or prices (see Traxler 1995c for the Austrian case). In fact, successful economic restructuring depends not in the least place on high-trust relations and collective goods, which the firms cannot provide themselves with satisfactorily (Traxler 1995b: 36f). The prime areas for 'supply-side corporatism' are thus vocational training (Crouch 1995), environmentally friendly methods of production, and structural policy. After all, productivity coalitions at the company level (Windolf 1989) might be 'a complement rather than an alternative to corporatist structures above this level' (Traxler 1995a: 14). While the tripartite pacts with a view to EMU as outlined above usually stick with supply-side economics, they go beyond qualitative aspects of industrial relations only and target budgetary austerity and monetary stability.

Clearly, there are *counter-examples* (e.g. the failure of a tripartite employment pact in Germany) and countervailing trends to the ones outlined above (they are well known from the literature and have been briefly outlined in the beginning). It is neither possible nor necessary here to give a full account of the development of interest intermediation patterns in all EC member states. The core of *my*

argument is simply that there is *no unidirectional decline* of corporatist governance, even if contemporary patterns seem different in function and often more narrow in scope than before. But what about the prospects of corporatist patterns at the European level?

4. EC politics: not only pluralism

The very feature of the EU political system is *fragmentation*; there are enormous cross-sectoral differences in policy style -- a fact which has become increasingly topical during the 1990s (e.g. Greenwood et al. 1992a). It is generally accepted that the emergence of a supranational form of macro-corporatism in the sense of trans-sectoral economic policy concertation should be ruled out (Traxler/Schmitter 1995: 213; Kohler-Koch 1992: 103; Streeck/Schmitter 1991: 227), but more attention should be paid to co-operative public-private patterns at the meso-level. Several authors have recently described structures alien to classic pluralism(8). Furthermore, the possibility of *co-evolution of political regimes and interest politics* (Greenwood et al. 1992b: 243f; Eichener/Voelzkow 1994a: 17; Kohler-Koch 1996: 215f) has become of scientific interest. Implications for the development of more co-operative, maybe even 'corporatist' policy styles have yet to be revealed. If it is true that since the early days of European integration (against the expectations of neo-functionalists), private organisations have not taken the lead but rather followed political initiatives (Kohler-Koch e.g. 1995: 16), then major constitutional innovations such as the Single European Act and the Maastricht Treaty should prompt specific developments of interest group organisation and of their involvement in public policy-making alongside relevant new regimes at the sectoral level. This will be examined with a view to the Maastricht Social Agreement.

a) The 'white raven': corporatist patterns in EC social policy

A prime example of co-evolution of political/administrative structures (what might be called 'the state' at the national level) and interest politics is the recent development in the realm of EC social policy. Due to unanimity requirements, the 'social dimension' had traditionally lagged behind economic integration and was stuck in a classic 'decision-making trap' (Scharpf). In 1991, however, the so-called *Maastricht Social Agreement* introduced a new social policy regime -- applying to all member states except the UK (Falkner 1996a). Explicit Community competences were extended to a wider range of social policy matters than hitherto; majority voting is now possible for a much wider range of issues; and new patterns of 'corporatist decision-making' were established (see below). The very establishment of the new regime is, in fact, attributable to the major European interest groups' *anticipation* of significant changes in the EC social policy provisions(9). The provisions as outlined above were suggested by the three central social partner organisations ETUC (workers), UNICE (employers) and CEEP (public enterprises). The incorporation of those provisions at Maastricht proves that all major actors at the EU level (including governments, Council, and Commission) are ready to participate in 'a mode of policy formation in which formally designated interest associations are incorporated within the process of authoritative decision-making and implementation' (Schmitter 1981: 295), a classic formula for corporatism.

The Social Agreement contains *three positive layers of social partner participation* in the policy process: Firstly, the Commission now has a legal obligation to consult both management and labour before submitting social policy proposals. Secondly, a member state may entrust management and labour, at their joint request, with the implementation of Directives adopted pursuant to the Social Agreement. And thirdly, but most importantly, management and labour may, on the occasion of such consultation, inform the Commission of their wish to initiate negotiations in order to reach

agreements instead of traditional EC legislation. Such agreements may, at the joint request of the signatory parties, be implemented by a Council decision on a proposal from the Commission. Under this new social policy regime, *the structure of interest representation as well as the procedures of decision-making have undergone significant developments.*

1. Corporatist structure follows strategy

Changes related to the structure of the system of interest representation concern intra-group reforms (towards more competences and decision capacity) as well as the overall interest group set-up (towards monopoly representation). The significance of these developments is underlined by the fact that prior to the Maastricht Social Agreement, the participation of all relevant Euro-associations in binding negotiations with each other and the EC institutions was by no means undisputed in their member organisations (be it national unions or employer's federations).

The ETUC was the first to reform its internal structure with a view to enhancing negotiating capacity at the European level. In 1991, voting by two-thirds majority was introduced, and the European Industry Committees were given full voting power (except in financial and statutory matters; Ebbinghaus/Visser 1994: 239). This may be seen as some progress to the problem of co-ordinating territorial and functional interests -- both now directly represented within the umbrella of the ETUC. Further amendments to the ETUC constitution were decided during its May 1995 congress. The Executive Committee now has a responsibility to 'determine the composition and mandate of the delegation for negotiations with European employers' organisations', and to 'ensure the convergence at European level of the demands and contractual policies of affiliated organisations' (Article 11). A change in the UNICE's statute in June 1992 directly aimed at meeting the challenges of the Social Protocol. The organisation was formally assigned the task of representing its members in the dialogue between the social partners provided for in the Social Agreement (Article 2.1 of the Statute).

But what about the plethora of lobbies, expected to hinder any effective corporatist negotiations at the European level? Is there any *organisational help by the state* (e.g. Traxler/Schmitter 1994) which would prompt all-encompassing, monopolist patterns of interest representation as evident in national corporatist systems? After more than two years of practical experience, we should answer this question in the affirmative. Both the Council and the Commission have actively supported that collective negotiations under the Social Agreement have so far been monopolised by the three major cross-sectoral interest federations (ETUC, CEEP and UNICE). The EC institution's involvement can be assimilated to the 'licensing' (Schmitter) in corporatist national systems even though it partly relies only on giving incentives for self-organisation of the 'social partners'. In its 'Communication on the Application of the Social Agreement' [COM(93) 600 final, 14 December 1993; par. 22 ff.], the Commission defined a set of criteria for organisations to be included in *consultations* preceding legislative proposals pursuant to the Social Agreement. It is the same range of almost thirty associations which may, during the process of consultation, theoretically decide to *negotiate* on a collective agreement. However, the Commission considers that it is up to the organisations themselves to develop their own dialogue and negotiating structure [see *ibid.*: par. 26]; thus, responsibility lies with the representatives of labour and management, which was a tactical move to prevent legal action against any formalised narrow definition of the 'social partners' under the Social Agreement.

Support for the constellation of *de facto only three negotiating Euro-groups* was nevertheless expressed by the fact that the Commission suspended the legislative process on parental leave on the

joint request of only the 'big three', although it had received responses from 17 organisations during the first round of consultations (EIRR 260: 3). Subsequently, the Council indeed implemented the collective agreement signed by the three peak federations (see below), and the European Council explicitly welcomed that it was, for the first time, possible to reach agreement with 'the social partners' on a draft Directive (European Council 1995: point 6).

On both sides of industry there are smaller interest groups which fight the three major federations' de facto monopoly (or rather: '*oligopoly*') to negotiate as cross-sectoral social partners in the frame of the Social Agreement(10). The Euro-association of the small and medium-sized enterprises, UEAPME, has in autumn 1996 even filed a law suit against the Council.(11) It remains to be seen whether this pressure leads to an enlargement of the bargaining table, or if, in the longer run, the smaller, now competing groups will rather be integrated into either the ETUC or the UNICE.

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2. Corporatist policy-making procedures

The first application of the new procedures saw no formal negotiations but only 'talks on talks' (Gold/Hall 1994: 181) on a collective agreement between the two sides of industry. It eventually led to a traditional Council Directive on *European Works Councils*. It was already a major innovation, however, that in autumn 1993, the UNICE had declared that it was 'ready to sit down with the Commission and/or the European unions to develop a ... procedure for information and consultation that is acceptable to all parties...' (EIRR 238: 13). Until then, it had always strictly rejected any EC-level initiative on employee information and participation in the enterprise.(12)

The second decision-making process under the new social policy regime has indeed led to a Euro-collective agreement among the three major federations (see Falkner 1997). On 14 December 1995, the ETUC, UNICE, and CEEP came to a framework *agreement on parental leave*, providing an individual right of a minimum of 3 months time off while employment rights are being maintained. Via a Council Directive implementing the agreement, the standards agreed on by the social partners were made restraining for all member states except the UK. This procedure provided a solution to what has been perceived as a major obstacle to the development of corporatist patterns at the Euro-level -- namely, the lack of enforceability of collective agreements by the CEEP, ETUC, and UNICE (e.g. Keller 1995; Obradovich 1995; Traxler/Schmitter 1995). Clearly, this pattern is somewhat different to the classic corporatist systems at the national level. However, the '*Allgemeinverbindlichkeitserklärung*', an extension of collective agreements to parties which have not signed them, is a common feature of several European countries. Likewise, the fact that neither of the three major Euro-federations has a general bargaining mandate has worried scholarly writing on the Maastricht Social Agreement too much (e.g. Keller 1995; Obradovich 1995; Traxler/Schmitter 1995; Turner 1995). In fact, negotiating mandates are now being given on a case-to-case basis (more recently e.g. also on atypical work).

Replacing '*the State*' at the nation level, there are two EC institutions involved in corporatist patterns under the Social Agreement. The Commission has significant influence without directly participating in the negotiations, simply because it supplies the social partners with a document that constitutes the basis of their talks. Furthermore, the Council may only implement a collective agreement on a proposal by the Commission. Thus, the Commission's power of initiative is extended to the corporatist procedures. In addition, the EC Council is involved in some 'corporatist exchange', too -- not only at the stage of implementing an agreement but also during the decision-making process. Only where a necessary majority of Council members seems willing to adopt social law, will the UNICE be interested in striking bargains. The Council, in turn, has an interest in successful

collective bargains in order to legitimise both material EC social law, and (what was in the past at least as important) non-decisions, in front of a public which is increasingly critical about the lack of a 'social dimension' of European integration. Despite the fact that negotiations, in the narrow sense, are being conducted solely among the social partners, the co-operative policy-making style emerging under the Social Agreement therefore has features quite similar to 'tripartism' between the State, capital, and labour, at the national level.(13)

To conclude: the patterns that tend to evolve under the Maastricht Social Agreement do not exactly replicate classic national patterns of corporatism. However, major attributes of such a policy style can be found, concerning the structure of interest representation as well as the patterns of policy-making. Without doubt, Treaty reforms should not be disregarded as potentials for change in interest politics. Due to the fragmented system of EC politics, however, one should not expect the sum of diverse sectoral developments to add up to a coherent cross-sectoral system (e.g. also Eising/Kohler-Koch 1994: 182f). Two particular barriers among many, are the extreme differences that tend to exist both in sectoral EC regimes and in patterns of interest representation in the single sectors.

At least in one other area, however, the post-Maastricht era brought some developments in the direction of co-operative governance including labour and management, i.e. the 'social partners', as well.

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b) Towards employment policy concertation at the EU level?

One of the most controversial aspects of the EMU, such as provided for in the EU Treaty, is its effect on employment. While the convergence criteria were developed to fight nominal divergence (i.e. to reach convergence of the development of prices), no precautions were taken with regard to fighting divergence of the non-monetary aspects of the economies of the member states, particularly in terms of their unemployment rates.

'... during the Maastricht negotiations, I proposed making employment part of the criteria. Not all the national delegations agreed to this. They committed an error, we see that today' (Jacques Delors quoted in *Europe* 3 February 1996: 2b).

As austerity programmes, with a view to reaching the convergence criteria, are currently being implemented in the member states, a possible negative effect on employment is the subject of hot debate (Heylen/Van Poeck 1995; Busch 1994)(14). Even Jacques Santer admits that the fear of unemployment is 'undermining confidence in the single currency' (quoted in *Europe* 1 February 1996: 4). These developments have brought about an incremental trend towards a concertation of national policies with a view to fighting unemployment. Although the decision process is not 'corporatist' in the strict sense, the explicit *social partner participation* is an innovative feature. Subject of debate are measures to be carried out at the national level as well as possible greater effects on employment of EU policies (structural funds; trans-european networks).

The roots of this policy go back to the Delors White Paper on *Growth, Competitiveness, and Employment* (December 1993), along with a Commission report on the national employment policies presented to the European Council of Essen in December 1994. On this basis, the Heads of State and Government adopted a medium-term strategy for the fight against unemployment, which would be implemented via multi-annual employment programmes in the member states. Five major aims were defined: investment in vocational training, flexibility of the labour market, reduction in non-wage labour costs, improvement in active labour market policy and in measures to help groups particularly

affected by unemployment. In order to analyse progress, the European Council of Essen introduced a *surveillance procedure* (so-called 'Essen follow-up'). The most interesting aspect is the collaboration of a wide range of actors at all levels of the EU system, including the social partner organisations both at the national and at the European level (see also European Council 1995: point 2). In the 1995 Joint Report social partner participation was indeed attributed prime importance during all stages of the process (European Council 1995, annex 2).

The 'Essen follow-up' has increased the social partner activities at the European level significantly. A summit of the Social Dialogue in Florence led to an 'assessment of the decisions of Essen in relation to their previous recommendations and ... recommendations for Madrid' (*Europe* 24 October 1995: 12). The UNICE, ETUC, and CEEP adopted two joint declarations, on fight against racism and xenophobia at work, and on employment. In the latter document, they declared a commitment to their role of ensuring that the Essen process be a success, and asked the Heads of State and Government to ensure coherence between labour market policies, macro-economic policies, and policies on competitiveness (*Europe* 24 October 1995: 13). In October 1995, an *informal Social Affairs and Labour Council* in Cordoba was held *in the presence of ETUC and UNICE representatives*, along with the chairman of the EP Committee on Social Affairs. Among the topics discussed were the Essen follow-up report and a policy debate on employment based on the Presidency's document (*Europe* 14 October 1995: 6). The Spanish Presidency subsequently drew up a draft joint report on the basis of the Commission and the EcoFin Council's contributions, adding thereto the ideas expressed in Cordoba (*Europe* 31 October 1995: 11). Within the Standing Committee on Employment, also social partner organisations at the national level were involved in the drafting of the report to the European Council, too (*Europe* 28 November 1995: 8).

Expectations concerning the December 1995 European Council's employment policy decision were high: the conclusions of the Joint Report (point 1), along with the EP and the social partners, urged the Madrid Summit to elaborate and specify the Essen strategy. The Heads of State and Government, however, could only agree on inviting the Commission and the various Councils 'to monitor the application of those programmes continuously and to submit a further joint annual report' in December 1996 (European Council 1995, point C.7.)(15).

Debates on policy co-ordination with a view to fighting unemployment have, nevertheless, continued to flourish. As a Commission initiative, President Santer 'invite(d) all the Union's political, economic and social forces to rally together' with a view to establishing a 'European confidence pact on employment' (quoted in *Europe* 1 February 1996: 4). He organised a 'Round Table on Employment' with participation of the Euro-level social partners in May 1996, where problems such as job creation, flexibility, training, and cost moderation were discussed. Although again, no substantial results in terms of binding agreements were reached, there is clearly a strong belief in the need for 'concerted action' for employment including the EC institutions *and* the social partners at the Euro-level. During the 1996-7 IGC, the possibility of giving more priority to employment within the EU's general objectives as well as an employment chapter in the EC Treaty are a major issue. Most probably, the 'Essen procedures' shall be formalised in the Amsterdam Treaty.

5. Conclusions

Contradicting frequent expectation, a general fading out of corporatist policy styles has failed to occur in Europe. The future of public--private interaction in the European multi-level system is not purely pluralistic pressure politics by an unlimited number of private interests acting uncoordinated and without discrimination from the part of 'the state' (be it at the national governments or the EC

institutions). Definitely, the 1970s' Keynesian macro-corporatism has not come back and may never do so. However, a multiplicity of patterns continues to exist at the national level, and 'supply-side corporatism' (Traxler) coexists with more pluralist styles. In several cases, the establishment of the EMU has indeed prompted tripartite economic policy arrangements between governments, labour and industry. At the level of the fragmented EU political system, too, huge differences exist in the participation of private interests in policy-making. Alongside with policy areas which fit the pluralist paradigm, there are corporatist patterns to be found elsewhere. The prime example for the latter is the post-Maastricht social policy regime which gives the 'social partners' the right to agree on standards which are subsequently made binding for the whole EC/EEA area. In the realm of employment policy, there are attempts to increasingly involve the social partners in EC-level co-ordination of national practices.(16)

In analysing these examples in some detail, this article clearly highlights one side of a coin only. However, it is the 'dark' side which was not thought to exist respectively which was insufficiently analysed so far. By contrast, arguments why macro-corporatism is increasingly disadvantaged by recent economic and social trends as well as by European integration are well-known from the literature (and they are not discarded here whereas counter-tendencies are being studied).

10

If the argument is neither that classic national neo-corporatism will come back nor that there is a single EU system of interest intermediation (including all national and all sectoral EC systems) developing along corporatist lines, what is the range and the weight of the argument presented here? *With a view to the EU*, my point is, *firstly*, that there is *little use in searching for an overarching characteristic* for the sum of all sectoral systems respectively policy areas: too huge are the differences, and there is no indication for convergence. To label this deeply segmented system 'pluralistic' simply because the bird's eye view on all sectors results in a non-corporatist picture, seems an undue simplification. *Secondly*, due to the fixation towards both 'pluralism' and a 'systemic' viewpoint, the *potentials of change* in the European system of interest intermediation were often underrated. This article shows that there was indeed a co-evolution of the policy-making rules and the system of interest intermediation in the case of the Maastricht Social Policy Agreement. If Treaty changes had such a potential in one area, that might also hold true for others. This is of major interest for the political scientist and of impact for practitioners -- even if potentials for change do not yet indicate a specific direction of that change (in different words: other Treaty changes might as well bring about more pluralist patterns instead of formerly more co-operative public--private interaction). *With a view to the national systems*, it seems that neither world-wide economic developments nor European integration simply put an end to all corporatist patterns. While Keynesian macro-corporatism might indeed fade out, other but still non-pluralist forms such as 'supply-side corporatism' (Traxler) might survive.

Which are possible explanations for the unexpected resilience of corporatist patterns? Governments need the legitimising support of the major interest groups to a much larger extent in times of cuts in budgets than during the 'golden years' of growing national expenses. The need to push through welfare cuts, often against the will of large clusters of society, causes the governments to attempt a *dispersion of responsibility*. The so-called 'social partners' often look like ideal co-actors: While they may gain some concessions for their clientele (normally at the expense of less organised interests), the involvement of the major interest groups supports both social legitimacy and compliance. The process of establishing EMU increases the need for co-operative governance in order to generate social acceptance for short-term austerity plans with a view to reaching the convergence criteria. At the European level, the Heads of State and Government seem to perceive a similar incentive. As the employment situation currently endangers the permissive consensus for European integration, they

try to involve the 'social partners' in various activities with regard to employment policy.

Why do the major interest groups go along with this? With the progress of European integration, *self-interest of national interest groups*, in the participation of Euro-level policy-making, tends to increase. From the perspective of national 'social partners', strengthening the Euro-groups was, for a long time, considered as constituting a loss in power. With tribute to the specific situation of multi-level governance, however, corporatist patterns at the EC-level might *not* be a *zero-sum-game* after all (see also Kohler-Koch 1992: 99f). In areas where competences are meanwhile transferred to the EU-level and may be decided without unanimity, national interest groups have already lost their grip. They can only win if they are able to collectively, along with their counterparts from other member states within a Euro-federation, act in the supranational arena. Indeed, to be one of several participants at the higher level is certainly more beneficial than not participating at all. In addition, innovative regulative patterns have recently allowed for mutually beneficial effects: If collective agreements at the Euro-level, such as on the issue of parental leave, are to be implemented in a 'cascading'-like pattern where politics filter down from the supranational to the national, sub-national and even enterprise-level, national and sub-national actors might in the end even be strengthened (see e.g. the European Works Councils Directive, Falkner 1996b). From the perspective of interest federations at the Euro-level, such decentralisation will, in practice, cause a deflation of pressure on intra-group interest unification and thus facilitate agreement. To a certain extent, there is also a *normative pattern* of responding from interest groups to European integration: many peak representatives within the major national groups, in actual fact, rank the general goal of European unification quite high within their political priorities. When confronted with the post-Maastricht legitimacy crisis, they fear a far-reaching backlash and thus feel urged to support the 'European enterprise'. One way for them to become active is to provide legitimisation through co-operation with governments and EC institutions in the making and implementation of European policies.

Compared to Keynesian macro-corporatism 1970s and early 1980s, contemporary corporatist arrangements work under the condition of supply-side economics and open markets. Even tripartite deals in the member states now differ from classic neo-corporatism in supposedly sovereign nation states in the sense that their objective is to implement EC level policies (or to facilitate adaptation to them), rather than independent policy-making. Even if the patterns of interest representation and the participation of private interests in public policy-making show corporatist features, the action radius and the political weight of such arrangements tend to differ from the 1970s. All of the corporatist arrangements now work *in the shadow of the internal market and of the EMU*. Thus, they are not independent in their policy options. Notably measures which increase public spending or which put burdens on business are much harder to entertain because the convergence criteria and internationalised markets account for a hanging slope towards monetarist and neo-liberal policy options. In the words of Thomas Hüglin(17), corporatist exchange now takes place only within the neo-liberal agenda, but not over it.

The smaller scope of policy influence is certainly a disadvantage mainly from the viewpoint of labour. Nevertheless, the participation in such schemes in exchange for some concessions by the employers is frequently being perceived as the only available option to fight unemployment in times of open markets and restrictive public finances. The employers and the governments, in turn, aim at increasing both the compliance with and the social legitimacy of the policies on the agenda. Most earlier studies assumed a *balance of power* between labour and management for corporatist arrangements. It is certainly still the case that there is formal parity between the two sides of industry on the negotiation table. But with open economic borders, the political resources of labour (mainly strike) are devaluated as compared to capital's exit option. Only with an even stronger backing from

'the state' than before or under great societal pressure can there nowadays be some sort of equal weight: e.g. if there is a realistic threat of legislation in the case of absence of industry's readiness to bargain with labour; or if a failure of collective negotiations could create social unrest. But in general, labour's leverage is significantly lessened under the conditions of EMU and the austerity oriented convergence criteria, under which former economic policy priorities, notably the fight against unemployment, are being downgraded. In fact, it seems no coincidence that social and employment policies are currently the prime areas of (non-pluralist) participation of the major societal interests in public policy-making, both at the national and the European level. These fields are the object of intense special interest to the citizens, so that *public opinion* may exert some counter-balance to the lessened bargaining power of the unions vis-à-vis capital. One might even speculate that in the longer run, neither national governments nor the emerging EU polity might be able to afford *not* to employ, in these areas, a governance modus with a high potential for 'legitimising' policy outputs, i.e. the corporatist inclusion of the major and privileged societal interests.

This leads to the final conclusion that under specific circumstances, a typical scenario encompassing a small and stable set of actors with a high capability to act and implement in a way that is more 'para-state' than 'social-political governance' (Kooiman 1993), will prevail. However, it appears that within the contemporary multi-level system, such corporatist patterns represent only one mode of governance among many. Corporatist patterns tend no longer to be the single feature which characterises entire political systems. Also, it seems that political scientists should neither at the national nor at the European levels expect the convergence of different policy styles towards an overarching ideal-type, be that 'pluralist' or 'corporatist'. In actual fact, evidence suggests that both at the national and the European levels, the entertainment of corporatist practices is quite instrumental, with a view to ensuring compliance with the politics of the EMU and liberalised world markets. In that sense, current corporatist patterns often seem to belong less to the realm of political structure than to political strategy.

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Endnotes

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- (1) The 'policy style' refers to both the patterns of policy-making and implementation (Richardson et al. 1982).
- (2) For an overview on the pessimist expectations concerning European integration's effects on national corporatism, see van Waarden (1994: 218ff).
- (3) This is even evident with research carried out around the time of the Maastricht Treaty's signature and/or entry into force (e.g. Keller 1993; Falkner 1993b; Korinek 1993 und 1994; Tàlos 1994; Traxler/Schmitter 1994; Timmesfeld/Sadowski 1994). For a nuanced view including 'possibly some signs of corporatism' see Mazey/Richardson (1994: 30; and the authors mentioned in footnote 8). Andersen/Eliassen 1991 briefly mention that they expect Euro-corporatism if the EP is significantly strengthened.
- (4) By calling the newly depicted features of democratic systems 'neo'-corporatism, 'liberal corporatism' or 'democratic corporatism', scholars wanted to distinguish them from their fascist counterparts predating World War II. After two decades of debate on contemporary corporatism, the evocation of the spectre of fascism and authoritarian rule seems less probable, hence the use of the term 'corporatism' without prefix here. On various concepts of corporatism within political science and industrial relations, see e.g. Williamson 1989; Streeck 1994.
- (5) In fact, changes were over time noted even in the classic macro-corporatist system, i.e. the Austrian (e.g. Tàlos 1993: 27; Tàlos/Zauner/Leichsenring 1993). Like during the early years of Austrian 'social partnership' immediately after WWII (Tàlos 1985: 64), it is since the mid-1980s again a selection of issues rather than socio-economic policy in its full variety that is subject to such patterns of policy-making (Müller 1985: 220).
- (6) Kohler-Koch (1992: 102f) notes that the necessity of participating in the European policy process has indeed, at times, also increased the action potential of federations at the national level, e.g. the need to co-ordinate has favoured the merging of actors.
- (7) The Department of Enterprise and Employment has held intensive consultations in order to 'seek the views and advice of those affected by the Directive' (UPE 1995: 3).
- (8) See Greenwood/Ronit (1992) for the pharmaceutical sector; Cawson (1992) for consumer electronics; Eichener/Voelzkow (1994b) for health and safety at the workplace; Eichener/Voelzkow (1994c) for technical harmonisation and standardisation.
- (9) This goes along well with established knowledge: With regard to the growth of European interest group federations, Kohler-Koch (1994: 171) observed that they did not develop parallel to an increase in the EC's policy-making powers, but rather, 'the anticipation of a growing importance of the EC in a rather vague sense (...) stimulated the establishment of transnational organizations (and not) the actual transfer of powers'; see also Greenwood et al. 1992b: 244.
- (10) These are mainly the UEAPME (representing small and medium sized enterprises) and the EuroCommerce (representing firms in retail, wholesale and international trade) on the employers' side, and the CESI (representing independent trade unions) and the CEC (representing professional and managerial staff) on the workers'.
- (11) It argues that the signatory parties of the parental leave collective agreement are not representative and that the Council should not have turned the agreement into a Directive. However, it seems improbable that the EC Court of Justice would actually hinder the development of effective

collective bargaining at the European level through an increase in the number of participants against the will of the key actors.

(12) The fact that in the end the UNICE could not overcome the dis-approval of the attempted compromise with regard to European Works Councils by its British member CBI in March 1994 (for details see below and Falkner 1996b) however prompted another significant intra-group reform: according to an internal agreement of April 1994, the CBI will continue to participate but not have a veto right in negotiations pursuant to the Social Agreement. On the other hand, however, the CBI will not be bound by an agreement of which it does not approve.

(13) It should furthermore be mentioned that the EC institutions were actively involved in the development of the Euro-level interest groups. Especially for labour, organisational and financial support is manifold.

(14) A recent study by the rather pro-European Austrian Institute for Economic Research (WIFO) revealed that the austerity programmes might cost two per cent of the Union's purchasing power and actually increase unemployment by 1.5% (Der Standard 25. 2. 1996).

(15) However, one should not underestimate the power of progress reports. As Goybet rightly put it with a view to the Delors White Paper: 'Il ne s'agit certes que de procédures mais l'histoire de la Communauté démontre que celles-ci sont loin d'être négligeables. Une fois l'engrenage lancé, il est difficile de l'arrêter' (1994: 8).

(16) Indeed, one should not completely rule out the possibility that the perspective of mass unemployment and public rejection of the EMU might, in the long run, lead to a specific blend of 'supply-side corporatism' at the Euro-level (however functionally restricted to the employment policy area). The main characteristics might be similar to the national case (Traxler 1995c): A common normative ground of all involved parties with a view to increasing competitiveness; achieving economic growth and an open market economy; and policy options which favour neo-liberal strategies instead of the Keynesian ones which characterised the heyday of macro-corporatism. Thus, the Joint Report to the Madrid Council suggested: A deregulation and flexibilisation of working conditions, an increased pressure to take up jobs, a lowering of indirect wage costs, incentives for hiring, and a decentralisation of wage bargaining (European Council 1995, D.12.). There was also an intention to concentrate on qualitative aspects, such as professional training.

(17) To whom I am very grateful for this suggestion!

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