European Industrial Relations: Impasse or Model?

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The long period of economic restructuring since the 1970s, combined with intensified international competition and instability, has set the North American labor movement back on its heels. There are hopeful signs of a labor movement resurgence—in the general strikes against neoliberalism in Ontario, in the militancy of the Canadian Auto Workers, and in the unexpectedly tenacious strike by the Teamsters against UPS. But these do not yet constitute a general trend that has altered the balance of class forces or congealed into a new socialist political formation. The dominant response in the North American labor movement and, indeed, most of the left, remains the defensive search for alternate approaches to competitiveness to set against neoliberalism.

The competitive pressures setting worker against worker are an immediate challenge. The popular image of globalization depicts nations and firms as competing national teams of capitalists and workers together. North American newspapers are filled with accounts measuring the performance of Team Canada or Team GM against the foreign competition. Global competitiveness rankings provide capitalists (and, increasingly, governments) with a helpful tool for wringing new work practices and wage concessions from fearful workforces. The message is that workers and unions must submit to the reality of global capitalism and do their part for national and firm competitiveness.

Workers, and even capitalists and managers, are continually exhorted to learn from the industrial relations practices that have produced successful national capitalisms abroad. Even the labor movement itself often points to alternative consensual European models of competitiveness. Typically, the Swedish or German examples are invoked in the struggle to resist intensification of coercive North American-style management practices and labor-market flexibility, and more recently the even more unlikely example of New Labour's Britain is being cited by some social democratic unionists. The North American labor movement often looks favorably on European national training systems, labor market regulation, forms of worker representation, patterns of collective bargaining, social welfare supports, and legal frameworks safeguarding workers' rights. Liberals sympathetic to the labor movement—notably Robert Reich and Richard Freeman—are fond of recommending these alternate forms of mediating the labor market as a way of avoiding cutthroat competitive practices.

There is much to be said against this habit of invoking foreign models. For one thing, although it is true that capitalism imposes universal imperatives of competition, which oblige enterprises and national economies to keep up with competitors often by imitating them, these universal pressures always work in historically specific and variable conditions. Each national economy has its own specific history, its own specific location in the world capitalist economy, its own specific balance of class forces, and its own specific class struggles, which have produced specific social and institutional arrangements that cannot simply be transplanted.

But our object here is not simply to expose the limits of imitation. Instead, we want to look at some of the models often invoked by the left, to see if they really do justify the claims made for them. Beginning with a general survey of industrial relations in Europe after the Second World War, we will then explore three specific cases—Germany, Sweden, and the United Kingdom—to see how they have responded to capitalist restructuring in recent years.

We take it for granted that there are many national differences among advanced capitalist countries, but also that workers in all of them are facing common problems in this period of economic restructuring. The question here is whether European models really represent progressive alternatives to North American ways of confronting these common problems, or whether we are now seeing European variants of intensified exploitation—the same intensified exploitation as in North America but mediated by historically specific European institutions.

Industrial Relations in Postwar Europe

The postwar reconstruction of Europe was a moment of intense class conflict and institutional creativity in the forging of national identities, political systems, and forms of industrial relations. Although earlier patterns of class formation persisted, national union movements were strengthened by the rise of socialist parties, their role in wartime governments, the discredit of capitalist classes for their fascist sympathies, and the economic dominance of manufacturing industries where unions were strong.[1]

European industrial relations systems are commonly classified according to their degree of trade union organization and the extent of national coordination of economic and wage policies. The Nordic and German-speaking countries, together with the Netherlands, form a corporatist group with extensive coordination and strong unions; the Mediterranean countries form a group of fragmented and isolated labor movements (and thus have held the least appeal as models); and Britain is characterized by pluralist bargaining, combining strong sectorial unions and weak central coordination largely confined to state involvement in pay restraint.

The British industrial relations system most clearly resembles the North American in the separation of politics from industrial relations in the sense that the union movement has been marginal to economic policy-making. There is also a parallel in the decentralization of postwar collective bargaining institutions, although in Britain this system was regulated by voluntary norms and in North America by industrial law.

The rising level of industrial conflict in the 1960s in Britain, however, sparked a large number of industrial commissions seeking to limit working-class unrest and impress upon unions the need to reverse the decline in Britain's competitive capacity, supposedly resulting from restrictive work practices and rank-and-file militancy. But free collective bargaining also became more constrained as wage advances interacted with deteriorating competitiveness to erupt in balance of payments crises through the 1960s and 1970s. This politicized industrial relations even more as Labour governments increasingly resorted to incomes policies to deliver pay restraint.

In the Federal Republic of Germany, the new Trade Union Federation (DGB) emerged out of the ashes of fascism as a unitary structure with unions demarcated by industrial sector. The new industrial relations system was built on the dual structure of interest representation: unions and employers associations bargaining collectively over wages and hours at the sectorial level (dealing with quantitative issues related to income distribution and productivity); and at the company level, managers and workers meeting in works councils (discussing qualitative issues, such as skills and competitiveness).

In a highly legalistic union environment, class conflicts in Germany are mediated through social partnership processes of national coordination and "codetermination" *(Mitbestimmung)* between workers and employers. These processes are kept separate from formal state institutions and national economic policy, which the Christian Democratic Union has dominated. High unemployment in the immediate postwar period allowed the emergence of the German social market model, in which coordination held labor costs in line with external competitiveness, and the federal state combined a strict monetary policy with a moderately redistributive social policy.

As labor market conditions tightened in the 1960s, the policy of the Social Democratic Party (SPD), entering government for the first time, further encouraged wage restraint through national coordination while modestly extending the role of the works councils. The legal constitutionalism of the German union movement proved profoundly contradictory: it restricted working class gains when German economic performance was rising but also restricted management's range of manoeuvre in periods of economic decline.

In contrast, in Sweden the social democratic party SAP dominated government from the 1930s, and their policies, as much as the union confederation LO, shaped the Swedish model and its industrial relations system. Swedish social democracy eschewed public ownership for a policy of high employment through Keynesian demand management (and later currency devaluation) and expansion of the public sector. The industrial relations system tightly controlled wage bargaining by means of central negotiations between LO and the employers group SAF without extensive regulation by the state.

Wage negotiations in the postwar period were intended to match productivity growth with real wage growth to sustain external competitiveness, while preventing inflation and wage drift through implementation of pay norms at a sub-national level. Setting central wage norms for the whole economy also meant that firms with low productivity, hence low wages, would be squeezed out.

In the 1950s, the system of labor market boards expanded to focus even more on achieving high employment and productivity by means of active labor market policies such as training and employment subsidies. With high union density and low unemployment into the 1970s, the Swedish unions concentrated on wage solidarity to lessen wage differentials, relations between the growing white-collar unions and LO, and, through plant-level activism, the slow evolution of a formal shop-steward system. The long, steady consolidation of the Swedish model, however, was just as quickly subjected to the imperatives of capitalist competition as was the rest of Europe in the 1970s.

The popular uprisings at the close of the 1960s signaled not the end of class conflict in Western Europe, but rather the beginning of a prolonged period of mounting challenges to national industrial relations in the region. Since the 1973 oil shock, economic instability across the advanced capitalist countries has resulted in weak employment conditions and an increasingly unequal distribution of labor-market incomes. There has been a consistent pattern of *labor-market failure* that no state has overcome.

Adjustment to slower output growth has, however, taken different routes. In the United States, labor markets have become the most flexible in compressing wages and disguising unemployment in the form of low-productivity, low-wage, and frequently precarious employment.[2] In Europe, capitalist pressures toward social polarization have been somewhat relieved, more than reinforced, by labor market institutions (although this is less true of the Mediterranean countries). Many countries of the European Union (EU) have cushioned high rates of joblessness with unemployment and welfare benefits that reduce income inequality, as in Germany and many of the Nordic countries; or relatively egalitarian income distribution (in terms of capitalism) has been combined with disguised unemployment in other forms, principally low labor-force participation rates and underemployment, as in the Netherlands. But where wages and employment have been spread more evenly across the working class as a whole, the consequence has been stagnant—and even falling—living standards for workers, fiscal pressures, and capital flight.[3]

While the adjustment experience has varied, it can be said that in both North America and the EU, trade union movements confront labor markets failing to deliver equitable living conditions for increasing numbers of workers. This is an outcome that labor movements have found increasingly difficult to arrest in conditions of high unemployment and growing part-time and casual employment. It has also affected wage setting. The wage share of GDP (the grossest measure of union capacity) fell sharply throughout the EU during the 1980s, in some countries hitting postwar lows, and remains flat in the 1990s. Similarly, strike actions almost everywhere in Europe have dropped to record lows and, although there is considerable variation in union density levels and patterns, union membership has slipped throughout the EU, with the exception of Denmark.[4] The consequences of the growing failure of the labor market and the retreat of labor across Europe are fears of social exclusion, right-wing extremism, and deepening poverty.[5]

There are, then, deep-rooted forces for instability across Europe's industrial relations systems. Intensified competition in slow-growing markets within Europe has brought growing demands for union sacrifices in the interest of competitiveness. This has further aggravated existing class tensions within consensual corporatist arrangements such as those in Sweden and Germany. As Leo Panitch argued long ago, even under the buoyant economic conditions of the postwar period, corporatist arrangements were vulnerable to destabilization from below because of the contradictory position of unions: as class organizations for the expression of workers' demands, and, at the same time, as institutions administering wage restraint through incomes policies to meet the accumulation requirements of capital.[6] The economic crisis following 1973 intensified this contradiction for the labor movements in Sweden, Germany, and Britain.

The European union movements thus faced a critical challenge: to try sustaining the postwar pattern, as did Sweden and Britain, by Keynes-plus measures that matched incomes policies with labor market and industrial policies to raise output; to resist by defensive measures the growing offensive by capital (the North American pattern); or to launch a broader political project to begin actively socializing capital, as both the Swedish Meidner Plan for wage-earner funds and the French Common Programme proposed.

The last option barely got off the ground, especially as even industrial policies were bitterly opposed by European capitalists in the 1970s. What emerged was an expansion of labor market policies at the national level and union attempts to resist neoliberalism at the sectorial and local levels through the 1980s. Moreover, European industrial relations systems, especially in the national models with strong unions and corporatist bargaining, now functioned quite differently. The postwar bargaining norm of *nominal* wage restraint in collective bargaining to control inflation, in return for higher and more stable output through low inflation, was transformed into a norm of *real* wage restraint to spread employment and prevent layoffs.

Industrial relations systems in the leading economies of post-war Europe had sought to maintain working-class shares of a growing output. That objective was limited enough, but now, in the face of slower growth, their goal was even more restricted, since they were distributing a declining share of wages. In Sweden, this was negotiated centrally through the LO and the governing social democrats in the SAP. In Germany, it worked itself out at the sectorial level through the constituent components of the DGB. In Britain, the experience of Thatcherism finished off an already marginal corporatism. Unions in the Trades Union Congress (TUC) were pushed into concessions negotiations at the sectorial or company levels in a manner similar to North American unions.

Where union movements did not suffer outright defeat, then, they sought to impose a kind of shared austerity on the working class. But this could last only as long as workers agreed to lower incomes and higher taxes in exchange for a strong social sector that spread work, and capitalists were compelled to maintain domestic investment and allow a large and expanding public sector.[7] Increasing European integration soon began to place heavy strains on such corporatist bargains.

Contrary to some conventional assumptions, European integration has meant not only increasing cooperation among European states but intensified competition among their economies. Throughout the 1980s, as competition became more intense, corporatist bargains were subjected to the pressures of maintaining profitability. Slowing private sector investment and minimal but continuous productivity gains meant weak employment conditions and thus greater wage compression and taxation of workers to ensure external competitiveness, sufficiently high rates of return on investment, and stable budgets.[8]

In other words, national union movements were being transformed into the guarantors of capitalist economic stability. Capitalists were induced to invest by means of wage restraint, and employment was spread by means of higher taxes, at the expense of workers' immediate material interests. These practices, then, hardly represent models of economic and political advance, as their North American advocates maintain. Instead, these institutional arrangements have become the particular form in which the rate of exploitation has been intensified for European workers.

The intense pressures placed on working-class solidarity and egalitarianism, in the context of widening inequalities between the social classes and capitalist offensives, have begun to erode the redistributional component of Swedish and German industrial relations. In Sweden, austerity within one class has broken down as employers have balked at low profits, high taxes, and a large public sector and begun to export capital rather than invest in Sweden.

Workers have strained under the burden they have been asked to bear alone. In Germany, the continued offensive by German capitalists, the bureaucratic inertia of the DGB, and the added burden of unification signaled the long-term crisis of the social partnership model. In countries such as Britain, where unions have been defeated and remain under attack, the result has been increasing social inequality, with political rebuilding not yet on the horizon.

Germany: The Social Market Model in Crisis

The fiscal shock of German reunification, the sharp economic recession of the early 1990s, and the persistence of mass unemployment have created profound uncertainties about the future of the German social market model.[9] The German industrial relations structure has historically had some success in establishing a uniform labor market by extending collective bargaining coverage to all workers and partly insulating wage costs from direct competition (although the situation of "guest workers" is quite a different story). But high and rising unemployment since the 1980s has led to a segmentation of labor markets and the marginalization of a growing stratum of workers, a low employment rate, and consequent fiscal pressures.[10] The DGB faces the challenge of dealing with chronically high unemployment in declining sectors; employment growth in areas that have proven more resistant to organizing, such as the service sector; and a German industrial relations system under severe internal and external strain.

Statutory rights to workplace representation for employees in the form of firm-level codetermination require that changes to employment relations be negotiated. But broader political and economic forces have generated severe pressure for deregulation, so far mainly in the form of loosening regulations on labor markets rather than their wholesale removal.[11] German firms in high-quality, medium-technology industries, once thought to be immune to competitive pressures for cost-reduction and often envied as a model of flexible adjustment on the basis of labor-management cooperation, are also experiencing pressures from Japanese and American rivals.[12]

With codetermination in the works councils unable to control capital allocation, these firms have increasingly expanded foreign direct investment abroad and moved elements of the production chain eastward to circumvent regulation and high costs. This movement has been given added incentive by the anticipated entry of Central and East European countries into the European Union, with the likelihood that the low-cost, highly-skilled labor in the high-unemployment zones of the East will add to existing pressures for cost reduction in the German system.[13] Indeed, there is evidence that capitalists have begun to defect from the employers associations crucial to sectorial bargaining. This is happening even as pressure is being exerted through works councils and on the unions to deliver concessions in the form of hardship clauses and moderate wage demands to encourage employment growth.[14]

The external environment also poses challenges to the export-driven German model, which has typically relied on strong growth in international markets and export surpluses to maintain low unemployment and rising incomes. The continued stagnation, intensified competition, and instability of the world economy have added to domestic industrial restructuring to produce chronically high unemployment (even with sharply falling participation rates among older male workers).[15] Ironically, this problem is compounded by the fact that Germany's principal trading partners in the rest of western Europe are deflating to meet the requirements of the European Monetary Union set out under the Maastricht Accord, and under the competitive pressures transmitted by the Bundesbank's own disinflationary policy.

The pressures on fiscal resources from a large, dependent population of unemployed, inactive, and older pensioned-off workers, combined with austerity measures to meet the convergence criteria of Maastricht and transfers to eastern Germany on the order of $100 billion yearly, are stretching the limits of the social bargain.[16] Just at the moment when the German stakeholding model is so much in vogue among social democrats for its flexible adjustment, cooperative labor relations, and the patient capital it supposedly provides to domestic industry, in Germany itself the model is in crisis.

Some observers have hoped that the German model could be universalized across Europe through the EU. But this hope is contradicted by the fact, acknowledged even by the German model's strongest advocates, that codetermination cannot be extended even to other EU countries without fundamentally changing existing legal systems and imposing a German-type industrial relations system. And within Germany itself, capitalists are attempting to redefine and, in many areas, eliminate that system. Indeed, even the transfer of the system to eastern Germany is proving difficult to consolidate.[17]

The labor movement itself is suffering a crisis of strategic direction. The German model of industrial relations has had significant effects on the movement's capacity for struggle.[18] The system of sectorial collective bargaining has become an established ritual to which the individual union member has no direct relationship, since the benefits of the agreement are reaped regardless of membership. More generally, the effect of the social partnership model has been a political demobilization of the labor movement. While unions are wrestling with that legacy, German capitalists have seized the opportunity to break many of the restrictions imposed on them by the partnership model.[19]

The political opening offered by unification and the disintegration of the state-led East German trade union system illustrates the impasse of the labor movement. The impulse of the DGB was to transfer existing structures to the East, adding East German workers to its own rolls. It failed to use the moment for organizational reform, determined instead to meet the challenge of expansion by avoiding the uncertainties of organizational restructuring.[20] In West

Germany, the DGB has confronted the problem of a declining membership with a similar strategy, merging its member unions and making only minimal efforts to strengthen union organization and rank-and-file identification with the union.[21]

There have, however, been a few dramatic and successful strikes, especially the massive 1993 strike in the metalworking sector led by IG Metall, as well as its successful campaigns to reduce labor supply by means of reducing (and redistributing) work time. Such developments have the added advantage of forging better political links with the German ecology movement, which has been estranged from the workers' movement. Similarly, in 1997 the coal miners successfully struck against job cuts. Finally, the DGB has opened some political space apart from the Social Democratic Party (SPD), and vice versa, although a political realignment of the left still seems distant.[22]

These developments may be promising signs of revival, but for the moment they are exceptions in the general picture of a union movement strategically disoriented and lacking sustained capacity for mobilization. And only dissident sections of IG Metall, primarily in the auto sector, have broken with German capital's competitiveness agenda.

Sweden: After the Model

If the German labor movement has been struggling with German employers over competitiveness and the institutions of industrial relations, Swedish unions have confronted an aggressive and mobilized capitalist class. Since the 1980s, Swedish transnational firms have expanded operations abroad and aggressively pushed for flexibility and decentralized wage bargaining at home, effectively undermining the Swedish model.[23]

The employers organization SAF began to mobilize politically in the early 1980s against the labor movement's wage earner funds proposal, called the "Meidner Plan," By the end of the decade SAF had successfully replaced centralized wage negotiations with industry- and firm-level bargaining. In 1991, it unilaterally abandoned peak-level negotiations. It also advocated deregulation and the sell-off of public assets, and led public campaigns protesting social democratic fiscal policy and public expenditure.[24] With the rise of mass unemployment in Sweden and the acceptance of neoliberal austerity by the new SAP government, peak-level corporatist bargaining may in the future simply be unnecessary to deliver wage restraint, permitting decentralized bargaining without risk of bidding up wages.

While mass unemployment is of more recent origin, the malaise of the Swedish model is of longer standing. One early symptom was the resort to employment-spreading as the principal, and often unintended, social outcome of political bargaining between LO, SAF, and the SAP in government. There were other symptoms, too. After narrowing over the 1960s and 1970s (and while still low by international standards), wage differentials began to widen in the second half of the 1980s.[25] Periodic currency devaluations as a response to problems of competitiveness, combined with stagnant productivity growth and wage spreading, also took their toll on working-class incomes. For example, the average after-tax wage fell roughly 20 percent between 1973 and 1985, and by 1990 was still well below 1973 levels.[26] The result was a stagnation of working-class living standards, which, despite far more developed provision of public goods, resembled the stagnant wages confronting North American unions.

The LO was unable to correct this situation, in which one class alone, the working class, carried the burden of austerity. That inability reflected a more significant rupture in the Swedish model that followed capital's opposition to the Meidner Plan. The export of capital by Swedish employers in the 1980s signaled a shift in private investment strategies, dissolution of the postwar system of capital controls, and more fundamentally, the undermining of the material basis for the domestic class collaboration that had formed the high-employment, high-productivity Swedish model.

Outward foreign direct investment jumped from 10 percent of all business investment in 1985 to 28 percent in 1989, reaching 6 percent of GDP the following year, the highest among the advanced capitalist economies.[27] In 1988, more than 60 percent of profits earned internationally by Swedish multinationals were reinvested abroad, and the share of total employment in Swedish firms located in foreign subsidiaries tripled between 1960 and 1987.[28]

The deregulation of financial markets during the 1980s boom, intended partly as a response to growing internationalization, prepared the way for the mass unemployment and stagnation of the 1990s. Moreover, the SAP, back in power after a brief period of conservative government, followed the neoliberal policies of fiscal and monetary constriction and openly campaigned for an even more complete break with the solidarity policies of the past.

The LO has, therefore, had to respond by charting new directions. It has, among other things, distanced itself to some extent from the rightward-leaning SAP. For example, a Union Opposition has been formed, largely out of the Metal Workers Union, to oppose the continual retreats in collective bargaining and the failure to adequately challenge the SAP government. But the LO has as yet no coherent strategy, except for a return to revamped solidarity wage bargaining, and there is even some rather blithe invocation of German social partnership models.

There has, however, been some regrouping of unions and bargaining at the sectoral level. The strength of white-collar unions has been especially important in realigning the union movement. The main innovation has been the strategic rethinking of solidaristic work, especially in relation to women workers. Although the participation of women in the labor force is quite high compared, for instance, to Germany, much of women's employment is part-time and vulnerable to casualisation, and income differentials are more common because of highly gender-segmented labor markets. Attempts are now being made to address the occupational segmentation and unequal integration of women into the labor force that have generated tensions between private- and public-sector unions.

The political mobilization of women has thus been on the rise in the LO and its member unions, as part of the defence of the public sector.[29] Although its child care and parental policies were won in order to support the equitable integration of women into the labor market, the LO has also begun to inject gender equity directly into a range of issues in its efforts to revitalize the union movement. In the 1990s, it has supported the emergence of a separate women's caucus and the independent political organization of women employees and non-employees. Kommunal, the largest union organizing employees in the health and social services sector, more than 80 percent of whom are female and among the worst paid, has also been active in defending public services against market rationalization.

British Unions Under Blair: More of the Same?

If large employers led the offensive against established industrial relations practices in Sweden, it was the state that assumed the responsibility of removing union restrictions on competitiveness in Britain. In the 1980s, Margaret Thatcher led a direct frontal assault on the already weak British system of employment rights, rolling back workers' gains and earning the admiration of neoliberals everywhere.

As a consequence of market-led adjustment, Britain combined the most flexible labor markets in western Europe with one of the highest unemployment rates. Unemployment climbed to an average of over 9 percent from 1980 to 1995, owing in part to the continued de-industrialization of the British economy.[30] This rise in the official rate of unemployment was accompanied by an exodus from the labor market of 1.3 million non-student, working-age Britons, mainly with low skills, between 1979 and 1992.[31] The official unemployment rate of about 6 percent in 1997 is thus a result of cyclical economic recovery and the expansion of low-wage jobs, together with long-term trends of labor withdrawal. This form of growth in labor reserves, although it does not appear in official unemployment figures, still puts downward pressure on the labor market, keeping British unions on the defensive (in much the same way that a similar trend has done in the United States).

Partly as a direct consequence of Thatcher's anti-trade-union legislation, which aided union derecognition battles by employers, and partly as a consequence of continuing deindustrialization, British union density has fallen from 55 percent over the years 1976 to 1980 to about 40 percent in the 1990s.[32] Declining membership has combined with the replacement of centralized industry-level collective bargaining in several major sectors by firm-level negotiations. This has effectively reduced workers covered directly and indirectly by union contracts from more than 70 percent in 1984 to 54 percent in 1990 (a figure that continues to fall), one of the worst declines among the OECD economies.[33]

These trends are the result of a whole series of flexible labor policies introduced by Tory governments: Britain's already minimal employee protection and labor standards legislation was diluted, benefit replacement rates for the unemployed fell dramatically, and so on. The consequences of the government and employer assaults on British workers have been ghastly: since the end of the 1970s, pay inequality has increased faster than anywhere else in the advanced industrialized world, apart from the U.S., and is now at its widest in Britain for perhaps over a century.[34]

Part of the growth of wage inequality has been a polarization in the distribution of working time—with the increase of lower-paid, part-time, insecure jobs during the 1990s recovery.[35] The toll on the British industrial relations system has been enormous: by the 1990s, Britain had become a low-wage zone for European production by Japanese transplants in greenfield sites. Many of the major unions, and the TUC itself, have at least passively accepted lean production.

The election of Tony Blair's Labour Party in 1997 has meant little: a Low Wage Commission to install a standard minimum wage for the first time and modest and, to a degree, coercive and neoliberal work-to-welfare and youth employment schemes. There has been no reversal of the anti-union reforms of the Thatcher and Major governments. Owing to the desperation of union members to be rid of the Tories, New Labour has maintained favor with much of the labor movement and the TUC, despite the Party's efforts to diminish union influence—though recent developments like the government's hard line on conditions for union recognition and its reluctance to accept even some of the milder EU provisions concerning, for example, workplace consultation may push the tolerance of unions to its limits.

Some British unions, especially the Amalgamated Engineers and trades unions like the Electricians, have adopted their own brand of neoliberalism and have sought to forge a productivity alliance with manufacturing capital in the interests of competitiveness and employment stability, but this effort has found little support. It has not gone beyond an enterprise unionism that discards old work practices and allows greater company flexibility, as many unions have been doing since the mid-1980s, especially in the wake of the miners' strike.

The stakeholder capitalism envisioned by Blair and company faces the enormous obstacles created by the long assault on the British union movement, not to mention the employers' offensives against the German and Swedish models that have broken these kinds of productivity alliances in their own countries. Hopes for a strong "social" Europe, with social protections throughout the EU, are also dimming. Such hopes are likely to be dashed by the combined impact of the deflationary bias of the EMU and competition throughout the EU (including Germany and Sweden) to attract capital investment by means of competitive austerity.

The European Monetary Union (EMU) is tying the hands of national economic policy, leaving few options for coping with restructuring, apart from state policies to promote supply-side labor market flexibility. So some sections of the European left have begun to look favorably on Blairism. This is especially the case for social democratic parties (and their allied unions) in high unemployment zones, as with the Olive alliance in Italy, part of the Jospin government in France, and the PSOE in Spain.[36] The same search for "flexibility with a human face" explains why the Dutch model is also often evoked. Similarly, Blairism appeals to business unionists in the U.S. simply because it offers relief from hard right governments and speaks the language of cooperation in coping with globalization. But the real experience of British workers should make it clear that the cool Britannia model of New Labour should hold little appeal for labor movements outside Britain, on the continent or in North America.

Labor Movements and Models Forward

There have been many paths of transformation in European industrial relations systems. But there have been common challenges from the intensification of capitalist imperatives over the past two decades, as the contrasting cases of Germany, Sweden, and Britain, with their distinct industrial relations systems, vividly illustrate. None of the national models are producing the social benefits for workers they once did. They have offered little protection against the ravages of capitalist restructuring. The cornerstones of postwar collective bargaining are crumbling, and in some cases, the old arrangements have themselves become mechanisms for imposing austerity and intensifying exploitation.

This has entailed a search for new strategic directions by national union movements in Europe, but the process has been slow and hesitant. As national systems of industrial relations have proved inadequate, the EU project has raised hopes for multinational cooperation among the European labor movements. But apart from more formalized meetings in the European Trade Union Confederation, some negotiating pressure for EU provisions, and a few cases of transnational bargaining coordination, there has been no clear strategic direction for unions at this level either.

While the labor movement looks for new directions, European capital is transforming itself rather more quickly. The drive for European economic and monetary union, accompanying the corporate integration of production and circulation on a continental scale, is generating further competition over investment and employment throughout Europe. The creation of a Single European Market and the EMU convergence criteria set out at Maastricht, accompanied by weak provisions for a Social Europe and a system of European

Works Councils, have intensified political and legal efforts to harmonize standards and regulations across EU countries. So European labor movements are facing a new challenge: the need for strategic transformation and political mobilization, not only at the national level but also at the transnational level of the European Union.

In Europe as well as in North America, despite the growing instability of world capitalism, the ideology of TINA ("There Is No Alternative") is widely accepted. This has led to a search for alternatives within capitalism that might be capable of delivering some measure of social welfare while submitting to the requirements of capitalist accumulation. But it is simply an illusion to think that there are crisis-free models of capitalism—effectively, capitalisms that are not capitalist—available for universal adaptation.

Not only is a notion of crisis-free capitalism chimerical, the urge to find more cooperative and competitive models of capitalism rests on questionable assumptions about the nature of capitalism, modernization, and progress. The supposition is that model states or systems of industrial relations are advanced, while other societies are backward and need modernizing.[37] Economies held up as models are effectively abstracted from history, as if they were not themselves the products of specific class struggles, and as if they were themselves immune to the pressures and crises of capitalist change.

The objectives, strategies, and terrain of socialist struggle in any given time and place will always be affected by their specific historical context. At the same time, those specific conditions cannot be considered apart from their capitalist character. To the extent that all capitalist societies are subject to the same capitalist "laws of motion," their labor movements can learn from each other.

But the lessons to be learned should not be about how different national—and now, within the EU, multinational—models of capitalism can be imitated. That approach asks the workers' movement to accept the capitalist logic of competitiveness and treats capitalist imperatives as permanent, not historically specific and transitory. The effect is to undermine the principles of the labor movement—egalitarianism, solidarity, cooperative economies and not competitive ones, and production for use and not for exchange. The workers' movement should reject such an approach, not out of some purist and unrealistic utopianism but because it threatens the historical gains of workers' struggles, the very existence of independent working-class organizations, and the possibility of democratic institutions for economic coordination and provision outside of market imperatives.

Labor movements need to go on the offensive instead of submitting themselves completely to the imperatives of capitalist accumulation and competition. This means seeking ways of constraining and reducing the scope of the market with the aim of increasing the time and space *disengaged* from the market. In this respect, labor movements in various countries *can* learn from each other and find ways of confronting common problems in diverse political settings, while offering support and solidarity across national boundaries. North American labor movements might, for example, support efforts by the Swedish labor movement to reestablish capital controls and the wage-earner funds. Or the German labor movement might lead European-wide campaigns supportive of American strike actions for reduced work-time.

This implies a strategy for transforming European and North American labor movements that is very different from what is commonly on offer from the left. It means no longer relying on the social partnership models so often invoked in a futile effort to *tame* capitalist competition instead of replacing it.

Notes

1. See especially the essays by Richard Hyman in *Industrial Relations in the New Europe*, ed. Anthony Ferner and Richard Hyman (Oxford: Blackwell, 1992); and Hyman and Ferner, eds., *New Frontiers in European Industrial Relations* (Oxford: Blackwell, 1994).
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3. International Labour Office, *World Employment 1995* (Geneva: ILO, 1995), 137.
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