

**THE RACE FOR THE PAX GERMANICA:
Spain versus Central and Eastern Europe**

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Program on Central and Eastern Europe Working Paper Series #28

Draft: not for cite or publication without consent of the author

Most Central and Eastern European countries are experimenting with forms of tripartism, i.e., trade union/employer/government contacts at all-industry level. This form of bargaining and consultation is patterned after the tripartite councils in Northern Europe. Spain has also had a number of tripartite agreements in the early 1980s, and its transition toward democracy is sometimes compared to that in (Central and) Eastern Europe. In this paper, Spanish and Eastern European labor relations are compared on the basis of the basic features of Northern European labor relations, in which tripartism has a longer tradition: the nature of the labor movement, the pacification of the enterprise by a shift of conflict to the branch level, and the depoliticization of labor relations. Eastern Europe's trade union density and trade union structure seem to be better adapted to tripartism than the Spanish labor movement. The major hindrance to a system of branch bargaining is the absence of employers organizations. It could be overcome to some extent by regional collective bargaining, with the local government as an active participant.

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Paper, March 1, 1993

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1 Introduction

One of the key words in (Central and) Eastern Europe's labor relations is 'tripartism'. No discussion of Polish, Hungarian and other national systems of labor relations is complete without reference to the new tripartite councils and to 'tripartism' as an ideal in itself (Atanassova 1993; Héthy 1993; Kulpinska 1993). The new focus is part of a more general appraisal of the Northern European systems of labor relations. i.e. in the smaller states commonly described as corporatist: the Northern countries, the Low Countries and the smaller Alpine countries. Of the larger European nations only Germany serves as an example, because of the solid labor relations building (at least until the 1980s), consisting of branch bargaining and worker representation within the enterprise.

Spain is sometimes used as a reference point for the developments in Eastern Europe. It has in common with these countries the transition to democratic politics and to an independent trade union movement after more than forty years of dictatorship - despite great differences in the nature of politics and the economy under that dictatorship. Although often mentioned in the same breath, comparisons of Spain and Eastern Europe have been rare. This paper is an effort to make such a comparison, on the basis of the major features of the Northern European type of labor relations. It is no more than an effort, since the literature available on both Spain and the recent developments in Eastern Europe is still scanty. The paper discusses these features in a rather ideal-type version and it specifically refers to the postwar reconstruction period. At that time the model got its shape under conditions of economic and political recovery, which to some extent resemble those in Eastern Europe (more than in Spain). The discussion of the recent developments of this model and the 'resurgence of the local union' (Locke 1990) is less relevant for the stage of industrial development of Spain and Eastern Europe. The smaller corporatist countries and Germany are treated as one group, sharing a number of such features, with minor national

variations and one major difference (in all-industry bargaining). The paper then compares this Northern European or 'German' model with the emerging system of labor relations systems in Spain and in Eastern Europe, in order to reveal common trends, and to discuss if those trends could lead towards this Northern European type or in other directions. The paper is confined to the systems of labor relations. It does not cover the transition to a representative democracy or the change towards a market economy. Moreover, the focus is on institutions and organizations, i.e. it is 'institutional' rather than on the attitudes of those concerned or of specific elites (as in O'Donnell/Schmitter/Whitehead 1986). The sections on Eastern Europe are based on secondary sources and mainly refer to Bulgaria, (former) Czechoslovakia, Hungary, and Poland. Since the comparison of Northern Europe and Eastern Europe is one between groups of nations, the similarities within the groups are (over)stressed, at the cost of the national diversities.

2 European labor relations : Three models

Northern Europe has been a popular subject of the literature on corporatism and neo-corporatism. These concepts have been given a wide variety of meanings, but until recently almost all literature deals with the all-industry or national level of bargaining and consultation. In this paper all levels, except the shopfloor are discussed. A list of the basic features of the Northern European or German model would certainly include the *Tarifpartnerschaft*, as the core of the model (Slomp 1990). The concentration of bargaining at the branch level implies a shift of the level of conflict from the enterprise to the economic sector or industrial branch, and in some cases to all-industry bargaining. The resulting pacification or 'neutralization' of the enterprise requires sectoral, or all-industry, organizations which have a firm hold over their members.(Slomp, Franse boek) In order to

prevent enterprise militancy to undermine sector or all-industry bargaining, the organizations (both unions and employers' federations) must be able to act on behalf of their members and to enforce compliance. Worker participation - even in works councils which are formally independent from the unions - is practiced within the boundaries set by the sectoral agreements. Lest unorganized workers are able to start independent action, a high rate of organization is another prerequisite: Strong organizations, not only in terms of membership discipline, but also in terms of numbers.

In addition to the pacification of the enterprise, a second set of characteristics concern the role of the state in labor relations. Its position has been one of neutrality vis-a-vis employers and unions, at least in the perception of both sides. This neutrality does not preclude a statutory wage policy, but wage measures are compensated by social policy measures, rewarding the unions for their restraint, or are taken after consultation with the unions, as part of a wider union involvement in social and economic policy making. For the rise of this neo-corporatist consultation and bargaining, a distinct condition is the government's willingness to hand over some discretionary power to the combination of employers' organizations and trade unions, i.e. to depoliticize state policy, including statutory wage policies. Depoliticization requires governmental restraint versus both parties, and union and employer involvement in social and economic policy. The latter point is less developed in Germany, but Germany shares all the other characteristics of the system - and was the first to develop the *Tarif*-system. Recent literature stresses the similarities between Germany and the small nations (Katzenstein 1985; Turner 1991).

In the 1980s a number of factors contributed to a partial decentralization of collective bargaining. Although sector level bargaining still constitutes the core of this model, enterprise bargaining and the 'local union' are on the rise (Hancké 1992; Katz 1993). In addition to this 'centrifugal' shift from sector to enterprise, due to changes in social and economic conditions, political changes have been agents of change as well. State

involvement in collective bargaining during the 1980s recession and the growth of the public sector have affected state neutrality. Despite the partial decentralization from sector to enterprise bargaining and a certain amount of 'politicization', the postwar Northern European or German model has always consisted of the following features. In this list feature A serves as a precondition to B and C, while B is basic to C.

A Strong trade unions and employers' organizations in terms of

- 1 coverage (rate of organization)
- 2 membership discipline

B Priority of sector (or all-industry) bargaining

- 1 over enterprise bargaining, which implies a pacification of the enterprise level
- 2 over state measures

C State neutrality towards unions and employers, in the form of

- 1 no systematic or structural bias towards either side, expressed in intervention in collective bargaining or in social policy
- 2 state endorsement of common employer-union proposals

The German model contrasts with the more decentralized British model and the southern European or French model, both also presented here as rather abstract ideal types (Slomp 1990). In the former, multi-employer bargaining has been practiced only in distinct periods and has left more room for enterprise or shopfloor union activities than in the German model. Due to the predominance of decentralized bargaining all-industry negotiations have been a rather uncommon phenomenon, since the outcome could not be imposed upon the bargaining parties at the enterprise level. In the southern European or French model the unions have become political actors by themselves, bypassing parliament. Their combination of industrial action and political action has turned the state into a target in any union action.

State neutrality is out of the question; both unions and employers tend to regard the state as a partizan force. Mobilization rather than organization is the core of trade unionism in this system, in which collective bargaining is much less formalized than in the German model. Formal organization, like that in the German model, was either rejected, or very difficult to attain (or rejected because it was difficult to attain), leaving ample room for enterprise level worker militancy.

3 Trade unions and employers organizations

A 1 Strong trade unions and employers' organizations in terms of membership.

In the late 1940s the Scandinavian union density amounted to over 40 %, while Germany and the Low Countries had rates over 30 %. Union density steadily increased in most countries until the 1980s. The high -and growing- density, notably in Belgium, Denmark and Sweden, has been attributed to two features of their union systems (Kjellberg 1983; Visser 1989). The first is the existence of dense union networks within the enterprises, in the form of shop stewards, or better: union representatives or union delegates. The union representatives are actively engaged in complaint handling and in worker participation devices - and to some extent also in collective bargaining, but within the rigid boundaries of sector or all-industry agreements. In some countries this activity may be concentrated in works councils, which are formally independent from the unions: the 'dual' system of interest representation by unions at sector level and by works councils at enterprise or plant level (Thelen 1991). Even in such a system, which exists in Germany and Holland, trade union members tend to dominate the councils, however.

A second asset for a high union density consist of union activities in the field of social

security. In the three countries the trade unions are not only represented in the social security administration, but also in benefit payment. When trade union members have to apply for benefits, such as unemployment pay, they are better off than other workers, since they are confronted with less costs and less bureaucratic delay. In short: it pays to be a union member. The German unions lack both kinds of incentives, but they have offered a number of other services, including cheap mortgages by the now defunct housing agency *Neue Heimat*. The Dutch unions have an exceptional record, in the sense that they have been able to maintain a 40 % organization rate for over thirty years without any direct incentive whatsoever, other than overt compliance with wage restraint. Even more than in the other countries, their continuity points to the importance of 'social solidarity' as a motive for workers to join the Northern European unions, in addition to 'selective incentives' (not) like social security payment. not only in the social democratic labor movement, but also among catholics and protestants, and the continuity of such considerations until recent times.

Do Spain and Eastern Europe have similar bases of strong union support? Spain has two major union confederations, the originally strongly communist dominated CCOO, and the UGT, linked to the socialist party. Neither of them could build on previous sector or all-industry organizations, although some scattered remnants of the pre-Franco movements survived the dictatorship. The CCOO was established on the base of workers committees (*comisiones obreras*) which under the dictatorship had sprung up in larger companies and had served as alternatives to the officially supported so-called vertical unions. As a consequence, the CCOO had strong grass-roots (Alos-Moner/Lope 1991). Right after the transition to democracy, in the late 1970s, the two confederations, and some smaller movements in the margin or of regional importance (mainly in the Basque country) attained an unprecedented unionization rate of some 50 %. The major motive to join the unions in that period seems to have been their role in the process of democratization, in the form of

large protest strikes. The fast union growth was also made possible by official and unofficial support from the communist party, for the CCOO, and the socialist party, for the UGT. The political identity incentive to join was lost once representative democracy was firmly established, despite incidental coup-attempts (Roca Jusmet 1991). In the first half of the 1980s union density dwindled to a mere 15 % and then slightly increased in the second half of that decade. At first, the CCOO was affected more than the UGT. The local base of CCOO became weaker, due to factors from within and from outside the movement. While it centralized the internal decisionmaking process for the purpose of political mobilization and later also for all-industry tripartism, it did not construct an organizational structure, in which the locals (*secciones sindicales*) could be integrated (Aguilar/Jordana 1988). Employer pressure and fierce UGT-CCOO competition contributed to CCOO's decline within the enterprise and to union decline more generally. The enterprise sections assumed a more autonomous role, encouraging worker militancy, or - more often - they desintegrated, despite their legal status, accorded in 1985.

As to the second base of union density, the expectation of securing (future) unemployment benefits also acted as an incentive to join a union in the late 1970s (Aguilar/Jordana 1988). However, neither the CCOO nor the UGT are actively engaged in social security administration or benefit payment, nor do they have any other personal services to offer outside the direct work environment. Under Franco, enterprise related employment guarantees had formed an important aspect of social policy, though they were undermined by employer strategies of short term contracts. In the 1970s and the 1980s such employment guarantees lost any meaning they might have had, when unemployment went up to over 20 %. Many of the unemployed are left without any social security coverage at all (Estivill/de la Hoz 1990).

In Eastern Europe, forms of worker representation and worker participation at shopfloor and at enterprise level have also existed for some time and, as happened in Spain, challenged

the political order. Already in the mid-1950s workers councils were established in Poland, followed by Hungary, which undermined the Soviet or Stalinist type of politics and labor relations, including the predominant position of the communist party, the role of the unions as 'transmission belts' between the party and the workers, and the ban on autonomous forms of interest articulation and protest. In the 1960s economic reforms reduced the importance of central planning in some of the countries involved (most of all in Hungary's New Economic Mechanisms), and worker participation in enterprise decision making was slightly increased, which challenged the unions' onesided stress of worker exhortation. In the 1970s this policy of more worker participation was speeded up in response to expressions of worker discontent and protest. Prominent examples of such protests were the strike waves in Poland in 1970, 1976, and 1980, of which the latter gave rise to *Solidarność* (Héthy/Szuhaj 1990; Matey 1988; Pravda 1983.)

The union role in this enterprise level worker militancy, and later in the broader protest movements, is not quite clear. The unions were well represented at the shopfloor, but they were often taken by surprise when such spontaneous movements started. At a later stage, they sometimes tried to catch up with worker militancy, recognizing forms of worker protest, in order not to lose their following. This passive stance is a striking contrast to the rise of *Solidarność*, the only union movement which was the result of mobilization for (political) protest - and suffered great losses in membership after the overthrow of communism, when this function of political protest declined. A number of traditional unions, in particular in Bulgaria, Czeckia, Poland, and Rumania still organize a majority of the industrial workers, due to the longlasting social and political control under communism, and to the services they offer, like the well known holiday resorts, and extra social security pay. The funds out of which these projects had been financed, are currently being divided and allocated (not without conflict) to the heirs of the traditional unions and to the movements that newly sprang up in the late 1980s. If the question of the trade union properties is settled definitely,

the union movement as a whole possesses a services network, which offers workers an important incentive to join any of the organizations involved. The more so, since the Eastern European unions are confronted with high unemployment levels, not far below the Spanish rates. Since most members consider employment protection to be the primary union function, the rising unemployment could endanger their survival (Dittrich 1992).

The recent history of trade unions in Spain and Eastern Europe shows that political mobilization may be a source of fast union growth. (The French model witnessed such a union boom during and after the wave of militancy of 1968/69). It is not a lasting base of trade unions organizations, however, and the effect may be a large, but also a shortlived union growth, in the absence of 'selective incentives', like social services. The Spanish trade unions, and the then communist dominated CCOO in particular, and *Solidarność* are comparable in that respect. At first they could welcome a large influx of new members, when they acted as political protest movements, but later they lost most of the new recruits, when this function was lost. In Eastern Europe this type of 'political mobilization' unionism had to compete with union organizations that already enjoyed a high density, based on social services networks. Taken as a whole, the Eastern European union movement combines both bases of union support, enterprise level representation and social services, which have contributed to high union densities in Northern Europe. That does not prevent a serious drop to more 'voluntary' density levels, as happened in Hungary, where the recent major federation MSZOSZ's decline was not fully compensated by the rise of rival federations.

Condition A does not only imply strong unions, but also representative employers' organizations. In the German model these organizations revived early in the postwar period, and right after their (re)formation they became involved in all-industry bargaining and forms of corporatism. Their representativeness was never questioned, even when they organized only a minority of the all enterprises, as for example in Denmark. It did not become a problem until the 1980s, after decades of fast public sector growth outside the reach of the

private sector organizations.

In Spain the situation is not much different from the postwar times in Northern Europe, since private enterprise was one of the cornerstones of the Franco regime. In the transition period a new employers association CEOE was established, which had as one of its main priorities to act as a pressure group in contacts with the national government, in order to counterbalance the (supposed) unions' influence. The new organization has even been able to close the ranks of small and medium-sized enterprises, which dominate the Spanish economy, within its own orbit, and to maintain a high density during the 1980s. The organization rate is over 75 %, well above that in a number of Northern European nations (Aguilar/Jordana 1988).

On this point Eastern Europe's history is a different one. Until now the economy in most of these countries has consisted of two very diverging parts. First a nationalized sector, dominated by large (and outdated) mining, steel, and chemical plants. In this sector the managers, who had been appointed under communism, increasingly assume employer functions. Some of them try to change their firms into shareholder companies on their own account, in a kind of 'spontaneous privatization'. (Kiss 1992; Winiński 1992) Second, a fast growing sector of very small enterprises like retail shops etc., and a concomitant large number of small employers. A third type of employer, which has appeared only recently, consists of the foreign companies engaged in joint ventures and other investment forms.

Although in some countries Chambers of Commerce have acted as business promoting agencies, employers' organizations in the Western European sense hardly exist. Indeed, observers from Northern European unions consider the lack of a 'class of independent entrepreneurs' and the absence of employers' organizations as a major weakness in the developing systems of industrial relations. The development of employers organizations depends in part on the tempo and the nature of the privatization process. If the ongoing privatization campaigns are not accompanied by a decentralization of the large industrial

complexes, a few enterprises will continue to dominate the national economies. The effect will be almost the same as if large enterprise will remain in state hands. First, collective bargaining retains its political nature, since the fate of the national government's social and economic policy is intimately linked up with developments in this sector. Nationalization of industry has been a prominent union demand in the French model as an effect of politicized labor relations, and, in turn, it has reinforced the politicization process. Secondly, the rise of employer organizations will be confined to small and medium-sized enterprises. To make a step to the attitudes of those involved, in the German (as well as in the French) model this category of employers has always been more conservative, anti-interventionist and anti-union than large enterprise. In Eastern Europe the communist past reinforces that attitude. The rise of this sector as the foremost representative of business is not a favorable precondition for sector based collective bargaining. Such a development is more in line with the French model, in which small *patrons* and nationalized industries play such a prominent role, and the state is 'called in' more frequently than in the German model, in order to force one of the other parties to comply with a 'compromise', or even to force them to the bargaining table.

The development of employers' organization which are not dominated by a very small 'quasi-state' sector or by small enterprise requires union support of the privatization of industry and the foundation of private employers' associations, as bargaining partners. Both kinds of support, indirect by way of privatization and more direct, mean that the unions should put aside a short term preference of bargaining with state agencies rather than private industry. Interestingly, the longest tradition of collective bargaining in Western Europe is in the printing industry. At the end of the 19th century the typographers also forced the employers to set up organizations, in order to negotiate local or even nationwide wage tariffs - and they met with success.

A 2 Strong organizations in terms of membership discipline.

In the German model the trade unions are (relatively) well represented within the enterprise, but they also set strict limits to worker participation. Bargaining within the enterprise may be viewed as one of the expressions of the strong union presence within the enterprise, but it makes the enterprise union representation a party in bargaining disputes and in labor conflicts, and thus put their existence at risk. The organizations can only set such boundaries to worker participation if they have the capacity to apply sanctions, in extreme cases even to expel members, and by doing so deprive these deviant members from valuable provisions. The union facilities have been described above; they are a precondition of a high rate of organization. Employers organizations also enforce membership compliance, and they face more problems in applying sanctions to deviant members. Attempts to impose such sanctions have been rare, but almost all organizations have expelled a (small) number of employers since 1945. The most recent example is the German association of metallurgy employers *Gesammetall*, in the early 1990s. Although the unions may at times welcome such deviant behavior by employers, at the same time the unions must keep their members from bargaining with lenient employers. A difficult task in view of the forbidden fruit (i.e. higher wages in specific enterprises).

The Spanish trade union movement is confronted with three major problems in this respect: The rise of a number of smaller union federations, i.e. a split up of the trade union movement, the opposition within the unions against centralization of bargaining, and the existence of autonomous forms of worker participation and enterprise bargaining outside the unions' control. The first is less of a problem at the national level, since the political parties have been able to secure a 'duopoly' of CCOO and UGT and at a later stage the socialist party has strengthened the UGT's position (Jordana 1992; Martinez Lucio 1992). It mainly poses a threat within the regions, where regional unions challenge the national movements -

and it is there that most collective bargaining takes place. The second and third are visible within the CCOO in particular, and in the massive exit from the federations in the heydays of the 1980s tripartism. Moreover, the CCOO explicitly considers itself a mobilizing movement rather than a discipline enforcing organization and it has failed to set up an organizational structure. The same applies to the UGT, though that organization has tried to centralize decision making - almost to death. Recently both union confederations have stressed the autonomy of their enterprise representation, in an effort to speed up membership growth after the fast drop in the early 1980s.

The Eastern European union movement faces the same problems which also confront the Spanish unions: a union split, opposition against central control, and autonomous enterprise action. The first problem confronts the major union federation(s) in Hungary and also in Rumania. To some extent it is related to the proliferation of political parties. In Hungary several independent union confederations have been established with less than or just above 100,000 members. The second problem is shown by the refusal of union assemblies or congresses to transfer power and resources to the central organization. This happened to *Solidarność* in 1991, when its Congress allowed the local organizations to keep 75 % of all contributions for local activities, and to hand over a mere 5 % of their income to 'Gdąnsk', i.e. the national headquarters. The Czechoslovak union met with the same local independence, which is not only an impediment to the establishment or the continuation of a union services network, but also to sector and all-industry bargaining. The third problem is to some extent an effect of the shopfloor and enterprise activities developed under communism. It is also a consequence of the overthrow of communism. While the traditional trade unions have been renewed at the top, their union delegates within the enterprises have in some cases resisted the changes and have tried to act as independent bargaining committees. For that reason the major Bulgarian federation, a continuation of the communist union federation, is even setting up a new network of union locals.

The comparative conclusion for the trade unions could be that the common base of the CCOO and a number of Eastern European unions in enterprise level activities is a favorable condition for a high union density, but not for a strong union organization which could retain the large numbers. The Eastern European unions possess assets which form a base of a more lasting high union density, if they are able to continue (or set up) an organizational structure for their service networks.

4 Sector bargaining

B 1 Priority of sector or branch bargaining over enterprise bargaining and a shift of conflict from the enterprise to the sector: the pacification of the enterprise.

This condition is at the heart of the German model. It allows trade unions and employers' organizations to negotiate all-industry agreements and to neutralize the enterprise. This pacification of the enterprise reduces employer opposition against trade union activities within the enterprise and thus indirectly contributes to a strong union movement. In Belgium and Scandinavia the unions have laid down the function of their enterprise activities as one of cooperation and of raising productivity, for instance in the Scandinavian Basic Agreements and the Belgian Joint Declaration on Productivity in 1954. Though acclaimed by German authors as an asset for sector bargaining, a dual system of interest representation, i.e. by trade unions at branch negotiations, and by works councils within the enterprise, is not a prerequisite; several German-model countries do without. More important is the existence of mediation and arbitration institutions to handle conflicts that might arise in the process of worker participation. In most countries joint union-employer committees (in Germany the *Einigungsstelle* under a neutral chairperson) perform that function.

In Spain multi-employer bargaining on a voluntary base has been a rather stable activity in the 1980s, with a very slight growth in the number of workers covered: over 5 million against one million covered by enterprise agreements. Most of the branch agreements are confined to regions or provinces. The implementation of the agreements is very problematic and there is a lot of enterprise bargaining going on (Martinez Lucio 1992; Ruesga/Santos 1991). In these talks both the works council (*comité de empresa*) and the union sections take part, the latter being the real bargaining agents. The Spanish works councils are patterned after the German *Betriebsrat*, i.e. a council consisting of employees only and formally independent from the unions. Moreover, it is difficult to speak of a pacification of the enterprise in a country which has about the highest number of working days lost due to labor conflict in Europe. Although strikes increasingly are a part of sector bargaining, more than 50 % of all strikes are called by the union representation within the enterprise, and that share does not decline. (Martinez Lucio 1992) The union representation, as a rather autonomous institution, has become a device of confrontation rather than cooperation. As a consequence, it is under constant threat of employer sanctions. In the early 1990s the unions have upgraded the functions of the union sections, more or less in adaptation to existing practice. Joint mediation committees handling enterprise level conflicts do not exist, and could hardly function, due to the decentralization of bargaining and of the organizations involved.

The communist legacy and the absence of employers organizations in Eastern Europe seems to point to enterprise rather than sector bargaining. (Héthy 1993). The newly created employers organizations are still very weak and no match for the unions. "Either they make unrealistic and economically unsound concessions to the unions, or they stick to a blind and just as unrealistic defense of the company interest." (Mesman 1992, transl. H.S.) Indeed, there has been a fluid transition between enterprise bargaining and renewed forms of worker participation. In Poland the combination has been accompanied by large numbers of short

strikes. The unions, as well as existing and newly established works councils participate in these negotiations. However, the combination of a high union density and the fact that most union try to make a distinction between worker participation and collective bargaining, could stimulate the shift of bargaining to the sector level (Kulpinska 1993). Two opposing forces seem at work in the transition to branch bargaining. First, unions face serious problems of compliance when trying to centralize wage bargaining which has taken root at the enterprise level. Such a shift affects the independence of the union representation or the works councils and leads to conflict between this 'local union' and the branch organization. Secondly, union involvement in the development of employers organizations, as their 'bargaining partners', has the effect that the employers organizations resemble the unions in organizational hierarchy (be it with the somewhat looser structure characteristic of the employers' side), since the unions decide at which level they will be most active. In the German model, the general postwar union aim has been to centralize bargaining even to the all-industry level. This has forced the employers to bargain at those levels, despite traditional employer preference for decentralized bargaining. However, there have also been examples of the employers associations trying to centralized bargaining and forcing the unions to keep pace. That was the case with the start of the famous 'Swedish model'. In some cases branch bargaining in Eastern Europe has been developed or is being established in imitation of all-industry tripartism, in which trade unions, managers or employers, and national and/or local governmental bodies are involved (Atanassova 1993). It shows some similarities with the rising sector corporatism in East Germany's chemical industry, in which negotiations not only cover wages and other labor conditions, but also investment projects (Hessinger, 1992) - a kind of meso-corporatism not unknown in the Northern European or German model.

On this point Spain and Eastern Europe face similar problems. In Spain the unions lack the authority to conclude branch agreements which can be enforced, due to the low union

density and the independence of the union sections within the enterprise. The traditional unions in Eastern Europe possess the structure, but these countries lack employers organizations. However, their prospects for branch bargaining are more favorable than Spain's. The trade unions have the density and to some extent also the organizational structure to engage in sector bargaining, and to impose organizational discipline. The development of employers' organizations remains a major problem, but it is a temporary one. Union involvement in the establishment of such organizations helps to solve it.

B 2 Priority of sector or branch bargaining over state measures.

This is a corollary to the previous point. In the German model bargaining prevails over state measures. In principle, the national government is not used as a means to bypass the bargaining partner, even if this may seem a more promising course. Only the first half of the 1970s was a period of politicization in Northern Europe, when the unions demanded worker participation improvements and other changes in labor conditions to be implemented by law, after employer refusal to comply with the more radical demands of the time. Until that time, the national government was not a party in collective bargaining, except for a short reconstruction period after World War II (and the longlasting Dutch 'guided wage policy') (Michels/Slomp 1990).

The principle of 'self help' (or the traditional 'subsidiarity' for the catholic organizations) at sector level requires sector mediation procedures and institutions for sector conflicts, in addition to those for worker participation within the enterprise. The early history of collective bargaining in typography and the Scandinavian Basic Agreements might serve as examples, since in both cases conciliation and mediation procedures were laid down for sector bargaining. (In contrast to the British model, in which such procedures are a central issue in sector bargaining, but have not prevented frequent labor conflict at enterprise level.)

Spain has not followed the Northern European example. There has been some variation in the unions' political attitudes and degree of militancy, however. In the late 1970s they increasingly moderated their demands, to become (indirect) bargaining partners in the Moncloa-Pacts. These national agreements established a framework for wage policies (i.e. wage restraint), employment policies, and social security. Though the pacts were concluded between political parties, the unions were involved indirectly. In the first half of the 1980s there were a number of tripartite agreements, in which the unions participated directly. The CCOO was under heavy pressure from the UGT and the socialist government to take part in them and to loosen the ties with the grass-root committees in the enterprises. The third period, since 1984, has been one of a growing oppositional role for both union confederations. Their main focus has been economic policy, rather than the position of the state in labor relations. Hence, Spain shows a mixture of corporatism (or at least tripartism) and of politicization, in which the unions organize strikes against government policy (Lope 1989). Though the unions prefer more state involvement in labor conditions, the socialist government has stuck to non-interference and the absence of any compensatory state measures for wage moderation in sector agreements. The Spanish unions have to some extent accepted this position. In 1988 and 1992 they organized nationwide protest strikes, but the actions focused on the government's economic policy, rather than on direct government intervention in wage bargaining. Moreover, at the moment Spanish economic and social policy is being regionalized. That would shift the unions' focus to the regional governments, at least for a number of subjects, and it would partly depoliticize state policies, since it would allow the national state to act as an arbiter in regional disputes.

In Eastern Europe this condition does not apply at all. The national and the local governments are actively involved in all kinds of bargaining, including sector 'tripartism'. This participation is not only due to the absence of employer organizations, but also to the fact that tripartism preceded sector collective bargaining and serves as a model for regional

branch bargaining. Strikes become political actions, if they are not political from the outset, since it is the national government which makes the vital decision, not only in economic, but also in social and wage policies.

The nations of Eastern Europe have not regionalized along Spanish lines, although such a process has even more advantages for their system of labor relations than for Spain. Not only does it offer a temporary solution for the absence of employers organizations, but it would also reduce the opportunities to bypass the bargaining partner and deal directly with the national government. This could provide an additional argument to decentralize the state sector as long as it is not in private hands. Decentralization would not only favor the rise of employers organizations, but also the regionalization of bargaining, without direct involvement of the national government.

5 Tripartism

C 1 State neutrality: no systematic or structural bias towards either side.

In the reconstruction period after World War II, a strict wage policy was to offset the effects of scarcity of consumer goods and to prevent running inflation. It was carried through in most European countries, including France and Italy, In these latter countries, however, it soon became a highly contentious issue, in particular after the 'outbreak' of the cold war in 1947/48. In contrast, in Northern Europe it was rather uncontested. The wage policies were not just isolated government measures to impose limits upon pay rise, however. They formed one part of a more general state involvement in the economy, which included central coordination of large investments, a strict price policy, and a number of social measures, like the implementation of systems of social security and of worker participation within the

enterprise. Worker participation was given a legal base in the form of works councils and an extra-legal base through the recognition of union representatives within the enterprise.

The fresh start in a number of policy fields was brought about in a bargaining process between the national government, employers and trade unions. Consultation of the 'labor market parties', as they are called in Scandinavia, gave the unions some power over state policies in these fields. A form of compensation for the state imposed, or better self-imposed wage restraint. In some countries the combination of measures has been labelled 'postwar settlement', like the Belgian 'Social Pact' of 1944, most of which was implemented within less than a year. Scandinavia had given the example, of course, with the settlements of the 1930s, like the Norwegian *Hovedavtale* (Basic Agreement) of 1935 and the Swedish Saltsjöbaden Agreement of 1938 (Katzenstein 1985).

Most literature on corporatism stresses socialist governments or at least socialist participation in government as a prerequisite of corporatism. Indeed, several of the Northern European 'Basic Agreements' were concluded at a time of socialist participation in government - or the prospect of such participation (Norway 1935, Sweden 1938 and also the German ZAG of 1918 and the Belgian agreement of 1936) The postwar corporatist arrangements also started under socialist or center-left coalitions, but they survived socialist government participation. Although socialist government dominance acts as an incentive for employers to engage in bipartite talks (to prevent state measures), corporatism does not function unless the national government is determined not to interfere in a systematic way in such negotiations. This implies a form of state neutrality versus the subjects of central level bargaining. In the postwar reconstruction period socialists adhered to this neutrality in the sense that they were interested as much in economic growth as in social reform.

In Northern Europe, the condition of state neutrality is fulfilled by the changes in government composition. Even in countries with a strong christian-democrat party, like Holland and Belgium, this party has never been able to dominate politics in the way it does

in Italy. With respect to changes in cabinet composition, Sweden, for a long time monopolized by social democrats, is a major exception. However, Sweden is also the country in which, apart from Germany and its sacred *Tarifautonomie*, the national government has interfered least in collective bargaining. Hence, state neutrality is guaranteed either by changes in government composition or by a state policy of non-interference. This policy of state abstention or restraint is dependent upon conditions 1 and 2, in particular 2 b, i.e. employer and union restraint to call upon the state.

The Spanish post-Franco governments have embarked on a course of tripartism, resulting in a number of all-industry agreements in the late 1970s and the first half of the 1980s. In the second half of that decade national negotiations have failed to produce tripartite agreements, and serious doubts have come up about the viability of this tripartism - and of trade unions participating in it. Is the absence of such agreements in the late 1980s just a short standstill or does it point to developments, like union politicization which do not leave much room for it any longer? (Lucio 1992) The Spanish socialist government offers a clear example of the problems which a course of neutrality is confronted with. Its policy is generally regarded as one of liberal economic modernization, without much specific socialist ideology. This course has prevented major disputes with the employers and at the same time has alienated the UGT from the socialist party. In the unions' eyes the government dislikes the unions' independent position vis-a-vis the government. Indeed, the governing socialist party has for some time tried to determine the socialist union's policies - thus subordinating labor relations to politics. Its attitude was expressed in the accusation that the union acted in a 'corporatist' way, when it stressed its members' interests and that it was engaged in demagoguery when it talked about the general interest (Roca Jusmet 1991; Lope/Jordana/Carrasquer 1989).

Several Eastern European countries have made a start with all-industry tripartism - even before sector level bargaining has become widespread practice. Tripartite councils have been

set up with specialized subcommittees, and the Hungarian council has already changed names within less than two years. Within the councils central agreements have been concluded, in particular about wages, like a national minimum wage or principles of wage restraint. The councils' position vis-a-vis the national governments is not a strong one, however. They do not add much to the considerable influence of the major trade union movements. In Poland *Solidarność* has opposed parliamentary control of the privatization programme, in Bulgaria the unions have played a role in the retreat of the first post-communist government. As long as employers' organizations are absent, the national governments are bound to be the major defenders of privatization and economic rather than social interests, which will strain its relationship with the unions.

C 2 State endorsement of common employer-union proposals

This is the very core of all-industry corporatism, and one of the topics in the recent unemployment-discussion: Does the state in the 1980s, under pressure of unemployment and cuts in the budget still lend an ear to the unions? (Boreham/Compston 1992). Neither in Spain nor in Eastern Europe is the high level of unemployment a favorable condition for government withdrawal from social policy and labor relations. The Spanish employers' negative attitude towards any form of employment guarantees or employment policy more in general also encourages the unions to look at the state. The lack of common proposals means that the state does not have to back anything but has to make proposals itself, and to act as an intermediary between employers and unions.

In Eastern Europe the position of the state is subject to two opposing forces, both in the sphere of attitudes rather than institutions. The anti-communist feelings are easily translated in anti-state sentiments. This could motivate, or even force, national governments to stay out of the process of economic transformation, leaving the economy to private enterprise, and labor

relations to unions and employers. On the other hand, the forces pointing to rather heavy state involvement are probably so overwhelming that they will overcome any objections against state activities, even not counting the absence of employers organizations. The price increases and the growth of unemployment require state measures, if only to prevent labor protest from leading to labor revolt. An active labor market policy or at least the introduction of unemployment benefits could mitigate the effects of unemployment, but will still leave large frictions on the labor market. Even a quick glance at European history shows that during periods of high unemployment or the threat of it labor looks at the state for solutions (Gourevitch 1986). During the crisis of the 1930s both the labor market policy and the costs of unemployment benefits put serious strains on the political system of a number of countries. The examples of the decline of mining and the steel industries of Western Europe in the 1960s and 1970s also show a steadily growing state involvement, in order to prevent or reduce massive lay offs.

6 Conclusion

Collective bargaining in Spain is a decentralized affair, due to the fact that the union density and union structure suit enterprise level activities rather than formal branch bargaining. The latter is not uncommon, but does not have much practical value. Related to the decentralized nature of Spanish labor relations is the prominence of political mobilization aims within the union movement. In Eastern Europe the union density and structure to some extent allow for sector bargaining, but here it is the absence of employers organizations which leads to a politicization of collective bargaining, since the state is directly involved as a bargaining partner. The prospects for the development of formal branch bargaining in Spain are not very favorable, since the problem is not of a temporary nature. Indeed, the

unions have adapted to this situation and are leaving more room for enterprise related activities. In Eastern Europe the unions are involved in the solution of the main problem - the existence of bargaining partners at branch and all-industry level.

The regionalization of non-privatized enterprise could compensate that absence for some time. It would place Eastern Europe in a more favorable position than Spain, where the unions' organizational structure does not allow them to enforce either sector or regional agreements. Regional collective bargaining between the unions and local authorities would leave the national state out of these negotiations, at least as a bargaining partner. The national government's social and economic policies will continue to frame the conditions for regional bargaining, but it would place both partners in the regional bargaining process in the same position vis-a-vis the national government. It would serve at least to some extent the depoliticization of labor relations. Interestingly, in Northern Europe local government is also becoming a more prominent actor in labor relations, due to the decentralization of the public sector in a number of countries. The regionalization of collective bargaining would also reduce the distance between the locus of bargaining, in particular national tripartism, and the enterprise level, and as a consequence it would reduce the compliance problem. In that respect the Spanish regionalization might serve as an example - before the Eastern European unions face 'Spanish' problems of a dwindling density and uncoordinated local action. Last but not least such a trend towards regional bargaining would be in line with a new development in Northern Europe: the search for a regional coordination of decentralized (enterprise) bargaining, now that tripartism there has lost its force or may even disappear as a leading principle in labor relations.

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