

LABOUR POLITICS AND THE EU'S NEW ECONOMIC GOVERNANCE REGIME

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THE PROBLEM:

**WAGE BARGAINING, EURO CRISIS &
EU'S NEW ECONOMIC GOVERNANCE
REGIME**

THE PROJECT:

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**ANALYTICAL FRAMEWORK
RESEARCH DESIGN**

THE PROBLEM

**WAGE BARGAINING, EURO CRISIS &
EU'S NEW ECONOMIC GOVERNANCE
REGIME**

Origins of the Euro crisis

Since 1992:
Wage moderation

... but where is
demand coming from?



58

European Unions

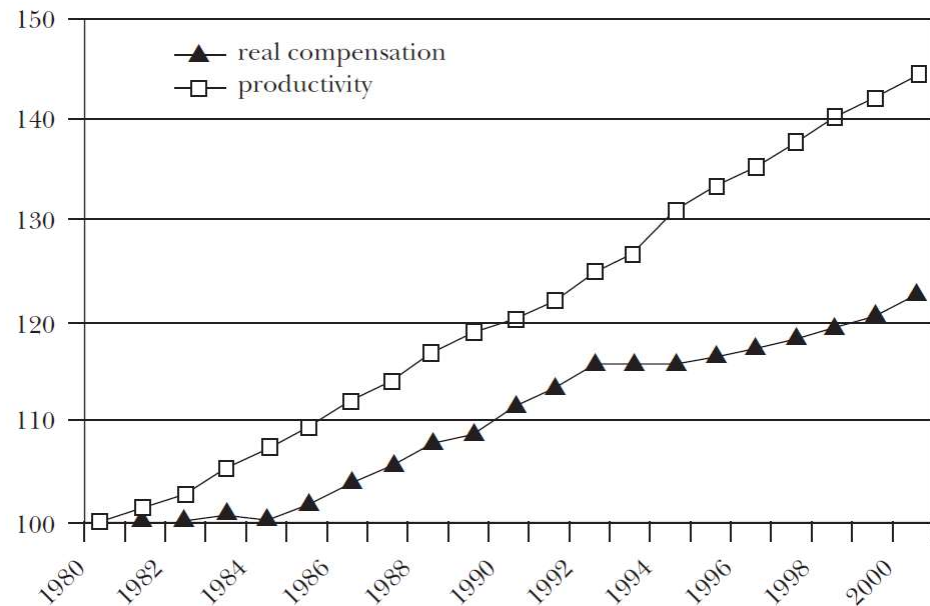
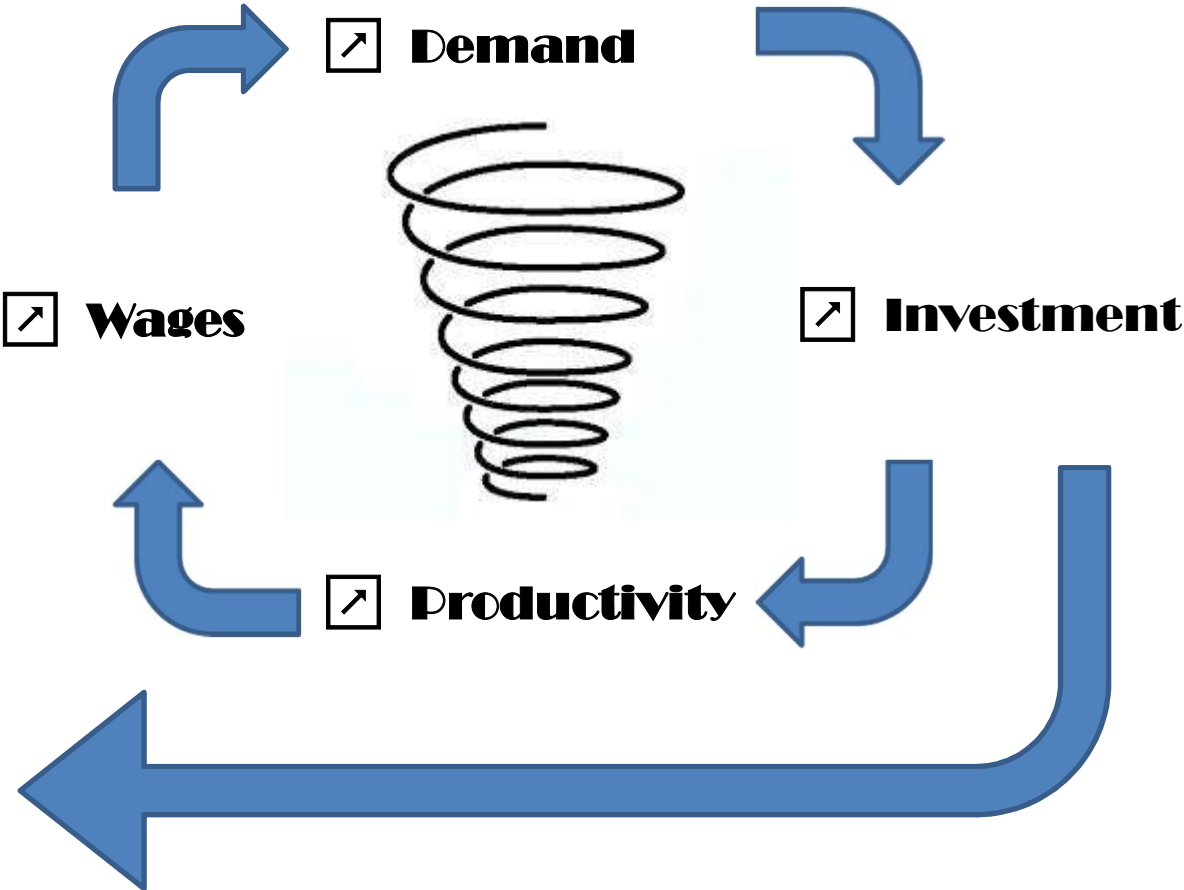


Figure 5.1. Real compensation and productivity in the EU 15 (the fifteen old EU member states).

Source: European Commission, *European Economy*, cited in Mermet (1999).

Vicious spiral of neo-liberal capitalism

**Financialisation
of the world
economy**



Privatised Keynesianism

Origins of the Euro crisis

The financial-fix to the lack of demand (privatised Keynesianism) led to the ...

2008 crisis & polarisation of EU economy

2011: Need of European Coordination - European Economic Governance



Political consequences of the crisis

2011 EU's new Economic Governance against "economic imbalances"

(2000 ETUC Inflation & productivity wage bargaining
benchmark against a race to the bottom)



The 6-pack on economic governance

as published on 23 November 2011

Revised Regulations

- 1) On surveillance of ... states budgetary & economic policies
- 2) On excessive deficit procedure

New Regulations

- 3) On the enforcement of budgetary surveillance in the euro area
- 4) On the prevention & correction of macroeconomic imbalances
- 5) On enforcement measures to correct excessive macroeconomic imbalances in the euro area
- 6) **Directive** on requirements for ... states' budgetary frameworks



What are “macroeconomic imbalances” ?

Article 2 of the Regulation “on the prevention and correction of macroeconomic imbalances”

“imbalances” mean any trend giving rise to
macroeconomic developments

which are adversely affecting, or have the
potential adversely to affect,

the proper functioning of the economy of a
Member State or of economic and monetary
union, or of the Union as a whole;

“excessive imbalances” mean severe imbalances...



European economic governance

Major points

- Based on Article 121.6 TFEU fiscal & macroeconomic policies shall be subject “multilateral surveillance procedures”
- New stability & growth pact (3% deficit **& 60%** debt target)
- New “**excessive imbalance position**” procedures
- New sanctions (fine: 0.2 or 0.1 % of GDP p.a.)
- Sanctions apply semi-automatically (Veto rights of the council subject to “reversed QMV” within 10 days)



How to avoid imbalances?

Scoreboard of quantitative indicators

In-depth-review

Country Specific Recommendations

Corrective action plan

Fines for non-compliance



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**SUBSTANTIVE PROBLEMS
ANALYTICAL FRAMEWORK
RESEARCH DESIGN**

SUBSTANTIVE PROBLEM

If EU's New Economic Governance regime (NEG) challenges egalitarian democracy and labour movements

what are 'levers' (Mills, 2000 [1959]: 131) by which labour movements may be able to change NEG

HORIZONTAL AND VERTICAL MODES OF EUROPEAN INTEGRATION

- **Horizontal integration** → European labour movements are constrained by *transnational* (economic) market pressures.
- **Vertical integration** → when they are constrained by interventions from a *supranational* authority.
- **This distinction is pivotal** → the two modes of integration offer different crystallisation points for collective action.

New EU Economic Governance

FROM HORIZONTAL TO VERTICAL INTEGRATION

Six-Pack of EU laws (2011)
to correct macroeconomic imbalances

VERTICAL EU INTEGRATION



POLITICISATION



Nationalist resistance

European Disunion



Transnational mobilisations

Euro-Democracy

Main aim

To develop a new **research paradigm** on the interplay between vertical EU governance, labour politics and democracy

Focus on the big social questions !

Objectives

1. Understand the shift from **horizontal to vertical EU integration**
2. Open up new approaches to capture **transnational dynamics**
3. Analyse **labour movements' responses** and their effects on EU governance

Theoretical & methodological innovations

Re-think EU governance

State centred → corporate governance paradigms

Re-focus politicisation studies on

Collective action (not opinion polls & media debates)

Go beyond methodological nationalism

National systems → transnational dynamics

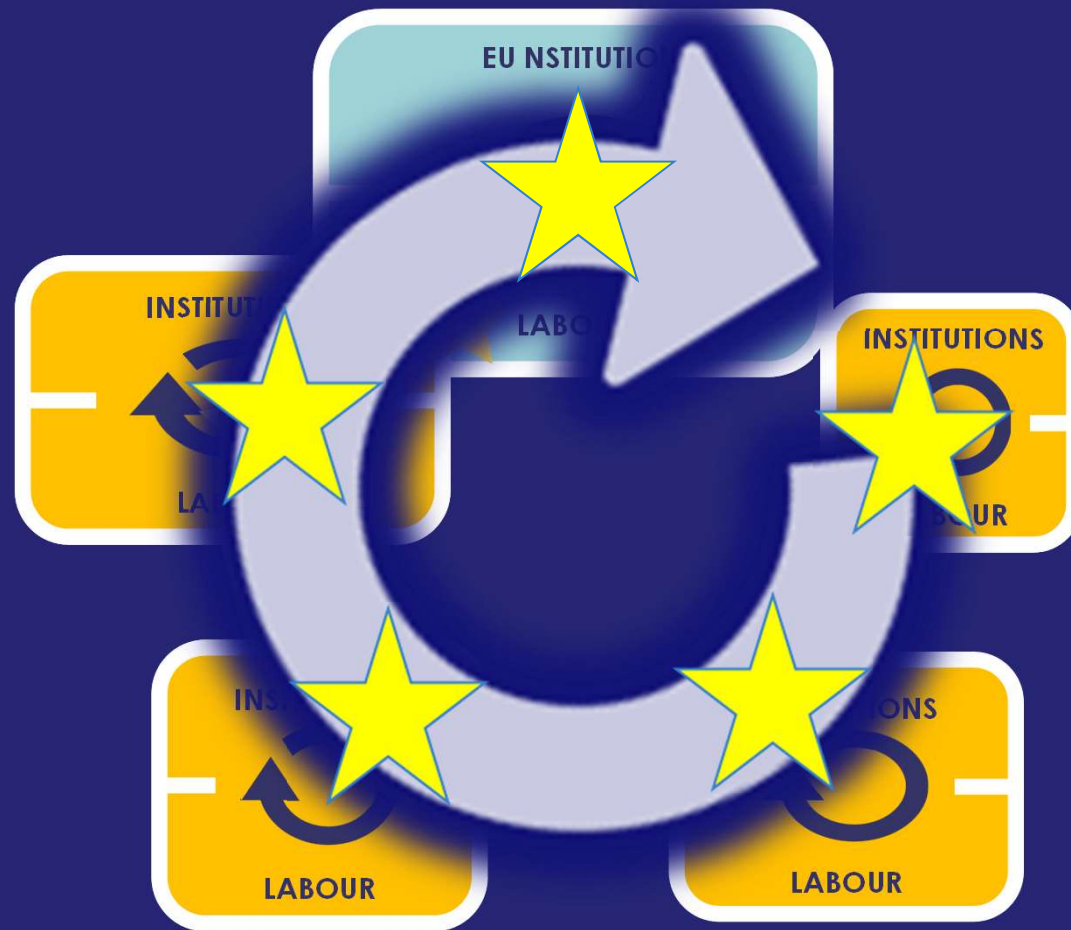
How: From National Systems Designs ...

Assume the autonomy of national contexts








... to Transnational Dynamics Design

to capture interrelations through multi-sited fieldwork



What: comparing transnational dynamics

High risks: **Selection of sectors & policy areas**

	 Wage Policy	 Public Service
 Water	Labour movements' reactions to EU interventions	
 Healthcare		
 Transport		

High gains: **Allowing inferences for other cases**

The first steps – Mapping NEG interventions

- Internal contradictions of the NEG regime (Scoreboard values vs. CSRs)
- Recurrent and conflicting patterns of CSRs across sectors and countries

Conclusions

