

Momentum 2020

In Track #10: Republik Europa – Wer ist das Bauvolk?

Alternative Track #2: Menschen mobilisieren, Interessen organisieren

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Submission (Forschungspapier): **Political Economy in Two Minds: Workplace Dualisation and Solidarity in Europe****

Abstract

Summary

In a Europe marked by long-term shifts towards individualised and flexible forms of work, the representation and participation of atypical, often precarious workers in the economy is key for sustaining and rejuvenating European industrial relations. Across the OECD, trade union density among non-standard workers is on average about 30% lower than among standard workers when controlling for compositional effects, which stands at 40% in Austria (OECD, 2019). Contemporary theory of political economy, however, puts industrial relations themselves at the roots of this dualisation – a process that is viewed to protect organised ‘insiders’ with secure jobs, rights and entitlements at the cost of precarious and weakly organised ‘outsiders’ (Hassel, 2014; Rueda, 2007, 2014). Within this ‘new political economy mainstream’ (Durazzi et al., 2018), ‘insider’ interests for self-protection are the driving force and only their strategic, rational choice might account for cases of inclusive representation.

Yet, a growing body of case studies contrasts this thesis. In its essence, it argues that trade union solidarity with precarious workers is primarily enabled by power dynamics that shape preferences, union strategies and their effectiveness (e.g. Benassi et al., 2019). Based on plant-level studies from across Europe, this stream observes inclusive strategies where labour’s power resources are resilient, not where ‘insider’ interests necessitate it. In ‘Reconstructing Solidarity’, Doellgast et al. (2018) provide the theory to challenge defining elements of the dualisation thesis, putting political economy research in two minds.

This paper seeks to examine these two streams. Accounting for all 28 EU Member States after the sovereign debt crisis, it aims to identify the conditions – power resources or interests – under which workplace-level representation moderates (or reinforces) divides between the permanent and the atypical workforce. The focus on the workplace level allows extending the lens from earlier case-based findings to a systematic, comparative look at the possible role of national contexts while also controlling for individual factors. Complementing previous research (see e.g. Chung, 2016), this macro-micro approach therefore helps integrating an institutional angle with existing industrial relations research.

Background

Key to the dualisation literature, the insider-outsider theory draws most of its empirical inputs from labour market reforms in Europe between the 1990s and 2000s, labelled as ‘flexibility at the margins’ or ‘two-tiered reforms’ (e.g. Palier & Thelen, 2010), and particularly refers to cases of Continental and Southern Europe (e.g. Thelen, 2012). The theory builds on the Varieties of Capitalism (VoC) premise of cross-class coalitions and sees an ‘insider’-orientation of trade unions and political parties behind regulatory and policy shifts that

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exacerbate precarious work, alienating ‘outsiders’ from industrial relations (Hassel, 2014; Rueda, 2007, 2014). Inclusive union strategies, in turn, are only conceivable if ‘insider’ and ‘outsider’ interests are no longer mutually exclusive, which is for instance argued to partially account for the German minimum wage introduction 2014/15 in light of downward competition (Marx & Starke, 2017). Here, the insecurity of ‘insiders’ can thus induce negative, possibly self-undermining feedback effects from earlier dualisation processes.

By contrast, the framework by Doellgast et al. (2018) centres on the idealised notion of mutually reinforcing feedback effects. Here, dualisation processes are modelled as ‘vicious circles’ where labour’s lacking power resources affect i.a. union structures and strategies, as for instance observed in the Greek telecommunications sector (Kornelakis, 2016). In turn, ‘virtuous circle’ dynamics can entail inclusive union strategies, such as in the Dutch construction sector (Berntsen & Lillie, 2016), Slovenia’s retail business (Mrozowicki et al., 2018) and in the metalworking and chemical industries of Belgium (Pulignano & Doerflinger, 2018). Within this framework, power resources are conceptualised as institutional factors as well as forms of identity and identification. This framework hence offers an alternative explanation for the workplace-level solidarity observed by case studies across Europe.

Methodology

In this paper, the research design follows a mixed-methods approach, an Explanatory Sequential Mixed Method, to map out the EU28 by means of quantitative analysis before exploring two cases further in a qualitative section. First, multi-level logistic regression analysis combines micro-level data from the *European Working Conditions Survey (EWCS)* with various macro-level variables to account for both compositional and institutional factors. Here, originality also stems from using types of subjective insecurity as outcome variables, which benefits both the study’s accuracy and relevance. In the second, qualitative section, most-similar comparative analysis using secondary literature examines the cases of Italy and Finland in depth to evaluate the role of socio-cultural and socio-economic factors too.

Contribution & Relevance

The paper contributes to the advancing debate on dualisation and the insider-outsider theory, which ultimately tends to depict industrial relations as a driver of, rather than a solution to inequalities in Europe. As such, the paper synthesises an influential debate and, ultimately, corroborates quantitatively what has already been argued in case studies: Legal rights, rules and wider institutions are key for inclusive trade unionism while ‘insider’ interests are comparatively not. This points to theories of ‘vicious circles’ where institutional and ideational support erodes, as opposed to self-correcting, negative feedback effects from inequality.

From a practical viewpoint, the cases of Italy and Finland also showcase how and why union strategies towards precarious workers substantially differ across Europe and how they have led to divergent outcomes. Finding ‘vicious circle’ dynamics in Italy, Greece and Portugal, a relevant lesson is that external institutional erosion, as during the Eurozone crisis, can exacerbate insecurities that provably link to other outcomes, such as health and well-being, productivity and political attitudes. This therefore opens the discussion to issues of precarious workers’ effective representation and trade union rejuvenation as well as, more widely, the institutional foundations required for a sustainable European social model.

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