

# AUSTERITY and its **ALTERNATIVES**



## Neocorporatism and Austerity

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# Overview

- The NL period, and austerity politics, have produced democratic decline
- One area where this can be observed is in the potential for subordinate groups in society , particularly labour, to influence outcomes
- Look at labour's traditional means of and strategies for achieving influence, focusing here on one in particular– social partnership/dialogue institutions
- Labour faces a political environment that is in a number of ways more authoritarian and less democratic than formerly
- As well, of course, it is part of a society that is more unequal, and a labour market that is more insecure and precarious, which austerity politics has helped to shape



# Austerity & Democratic Decline: Implications for Labour

- Guy Standing – 3 types of regulation: regulation by the state/ by voice/, and by the market
  - political action -- parties, interest lobbying, direct e.g. extra-Parliamentary demonstrations, court actions, civil disobedience influencing the state
  - social dialogue/partnership/ concertation – Neocorporatism - influencing by voice
  - industrial action – strikes, boycotts, unionization, collective bargaining – influencing markets



# Neoliberalism and democratic decline

- Reconfiguring the state to depoliticize – wholly or partially -- important policy areas
  - Examples: trade and investment; monetary; fiscal, labour market restructuring
- How?
  - International treaties/ agreements; embed rules in national constitutions; administrative, regulatory or legislative changes; norms and commitments to best practices
- Result?
  - Remove from normal politics via constitutionalization / depoliticization



# Authoritarian neoliberalism

- Reduced scope of democratic politics
- Less input and accountability
- Reliance on ideational “authorities”... NL conclusions/prescriptions are true -  
- ( Merkel “eternal validity” of balanced budgets-- and need protection from  
democratic impulses ie the people
- Its content – internal devaluation and wage suppression competitiveness

**ALTAUSTERITY**



# Austerity's contribution

- Through Internal devaluation – fiscal consolidation/ public sector reform, labour market restructuring:
- A refocused state, less available for market modification or downward redistribution
- A reformed public sector – marketized, privatized, disciplinary
- A restructured, employer-friendly, flexibilized ( ie precarious and insecure for employees) labour market



# Labour's political instruments

- How are they faring in this context?
  - political action -- political party route increasingly unproductive
  - industrial action –union density/ strike stats etc.
- FOCUS HERE IS ON Standing's notion of representation by voice:
  - **social dialogue/partnership/ concertation -- Neocorporatism**



# Figure 1: Neocorporatist arrangements

| Mode of Neocorporatist Structure  |   |  |  |   |  |
|---|---|--|--|---|--|
|   | A.<br><i>Decision-making<br/>Tripartite</i> | B.<br><i>Decision-making<br/>Bipartite</i> | C.<br><i>Consultative<br/>Tripartite</i> | D.<br><i>Consultative<br/>Bipartite</i> | E.<br><i>Pluralism<br/>Consultn./lobby</i> |
| <b>Scale</b>  |   |  |  |   |  |
| 1   | Supranational                               | Supranational                              | Supranational                            | Supranational                           | Supranational                              |
| 2   | National                                    | National                                   | National                                 | National                                | National                                   |
| 3   | Regional                                    | Regional                                   | Regional                                 | Regional                                | Regional                                   |
| 4   | Sectoral                                    | Sectoral                                   | Sectoral                                 | Sectoral                                | Sectoral                                   |
| <b>Scope</b>  |   |  |  |   |  |
| i   | Whole economy                               |  |  |   |  |
| ii  | Policy area                                 |  |  |   |  |
| iii   | Economic sector                             |  |  |   |  |
| iv  | Collective bargaining at sub-sector level   |  |  |   |  |
| <i>Moving right from A to E, and down each column from 1 to 4, and from (i) to (iv) NC arrangements become weaker</i> |   |  |  |   |  |
|   |   |  |  |   |  |
|   |   |  |  |   |  |





# Preliminary empirical observations

Empirically, the general picture, based only on preliminary research, is as follows. In Denmark there has been erosion of NC arrangements at the national level and greater difficulty in reaching agreements at the sectoral level, where the scope is also more limited. In Spain, government unilateralism in the immediate post-crisis period undermined national level arrangements, and sectoral NC is increasingly bipartite rather than tripartite, and the scope is more limited. In Ireland, national level NC collapsed and only limited bipartite (government-public sector agreements) continue.



# Mapping

Figure 2 : NC Locations

|         | Pre Crisis | “Post”Crisis |
|---------|------------|--------------|
| Denmark |            |              |
| Spain   |            |              |
| Ireland |            |              |

# Conclusions

- General – declining influence of labour
- Specific
  - Labour's decline removes the incentive of the "shadow of the future" from NC
  - The specific argument of this paper is that, though NC has demonstrated some resilience, it has everywhere (in our 3 cases) experienced some decline of mode, scale and scope. As Simone Weil argued in a different context: "equilibrium alone destroys and annuls force. Social order can be nothing but an equilibrium of forces". Absent that equilibrium, institutions change their role. What once might have been an attempt to jointly regulate the social and economic order becomes, depending on circumstance, an effort at damage limitation, an attempt to negotiate the terms of surrender, or is entirely swept away.



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