European integration, interest groups, and institutional sets of conflict

Modeling European societal integration from a conflictual perspective

Johannes Kiess
Johannes Kiess

European integration, interest groups, and institutional sets of conflict. Modeling European societal integration from a conflictual perspective

Johannes Kiess, M.A.
Wissenschaftlicher Mitarbeiter am Institut für Soziologie der Universität Leipzig
Research fellow at the Institute for Sociology at the University of Leipzig
johannes.kiess@uni-leipzig.de

Serie Europa – Europe Series

ISSN: 2193-8318

Institut für Soziologie
Universität Leipzig
Beethovenstr. 15
04107 Leipzig
Deutschland

Institute for Sociology
University of Leipzig
Beethovenstr. 15
04107 Leipzig
Germany
Europäische Integration, Interessengruppen und Konfliktrahmen
Zusammenfassung


European integration, interest groups, and institutional sets of conflict
Summary

Is there a European society? In this paper, an analytical framework is developed that aims at Vergesellschaftung, understood as a conflictual and empirically open process of societal integration, on the European level. The most important feature of the societal character of the European integration process from this perspective is to be found in the conflicts on how the EU will look like in the future. Social conflict more often than not goes beyond competition for resources and includes conflicts on the institutional framework of conflicts (second order conflicts). The integration process thus confronts social actors (trade unions, business corporations etc.) with the necessity (or opportunity) to negotiate a new, European-level institutional framework of conflict. What can be concluded so far is that different organizations representing distinct interests pressure for different national and European policies and institutional changes in the wake of European integration and for a different model or variety of capitalism as consequence of the process. This conflict is itself societal and, more importantly, can be modeled into an analytical framework to study European societal integration and to describe what European society is made of.
Contents

Introduction .................................................................................................................................................. 3

1. European societal integration from a conflictual perspective ....................................................... 5

2. Conflict and the emergence of institutions as societal integration .............................................. 8

3. Reframing national industrial relations:
   European societal integration at the meso-level ............................................................................. 14

4. Concluding remarks ......................................................................................................................... 20

References ................................................................................................................................................... 21
Introduction

The blueprint Jean Monnet, Jacques Delors and many other political leaders proposed always seemed simple: Economic integration is followed by social integration. The promise of Europe is peace and stability based on some form of social integration. This blueprint, the functionalist paradigm, has accompanied the European integration process from the beginning in three ways: as a scientific approach explaining what was happening, as a normative political program (e.g. Delors 1993), and as actor’s knowledge (Vobruba 1992). Also today, scholars, philosophers and politicians, call for a European society and European solidarity as a functional necessity to stabilize the European peace project. Others see growing identification and the establishment of a European space of communication as a functional outcome. This paper argues that, instead of following too blindly the often normative agenda, a sociology of Europe should turn to conflict theoretical accounts in order to analyze processes of societal integration – and disintegration.

The starting question of a sociology of Europe is most often named as simple as this: Is there a European society? And if so, what does it look like? To attempt this abstract question, the agenda is „[to] reintroduce social structural questions of class, inequality, networks and mobility, as well as [to] link up with existing approaches to public opinion, mobilization and claims-making in the political sociology of the EU“ (Favell, Guiraudon 2009: 550). Political scientists and legal scholars concentrate on supranational institution building or intergovernmental bargaining. For sociologists on the other hand, the central question is whether there are processes of societal (dis)integration besides the – and interwoven with the processes of political integration (e.g. Bach 2009). Central to the scope of sociology of Europe are questions of European identity on the individual level, and often research is limited to this. But the political analysis too cannot, as the Governance paradigm suggests (Schlichte 2012: 26), stay only with analyzing mechanisms of regulation and relations within and between organizations like political parties, governments and bureaucracies, and European bodies. Social conflict contests and shapes these mechanisms and institutions and the relations between them and cannot be excluded from the analysis. It is the meso level of social interests, the “second circuit” (Offe 1981) that seems to be underrepresented in political science and sociology on Europe alike.

The questions raised and the cited agenda by Favell and Guiraudon are sociological indeed, but they “fall beyond sociology’s traditional field of competence – state-centric political rule and nationally bounded cleavages” (Rumford 2002: 10). For

---

1 Functionalism (Mitrany 1944; 1948), neo-functionalism (Haas 1958; Corbey 1995; Rosamond 2005) and supranationalism (Sandholtz, Stone Sweet 1998) make a vast share of the literature on the EU. More recent approaches do not necessarily share the normative assumptions of early functionalism (cf. Bieling, Lerch 2013).
most of the 20th century, sociology was concerned with national societies and society itself was taken for granted as being “national” (Smith 1983; see also Wagner 1990). Two points are important here and need to be discussed before turning to the paper’s main objective. First, society does not match with nation state. There are processes of societal integration above and below the national level. Society “happens” on different levels. The differentiation between European and national societal integration then is the founding question of a sociology of Europe (Vobruba 2008). “The alternative to the much maligned methodological nationalism is not to escape into the abstract global, but the accurate study of local relations and their change” (Schlichte 2012: 32, translation by author).

Second, one cannot operate, in a sociological sense, with an ontologized concept of society if one accepts that there are forms of societal integration on different levels, the national being only one, even though a quite important one. However, since at the least scholars, politicians, members of staff of European institutions, and social actors speak of a European society to which they “belong” or address policies etc., it becomes relevant to sociological study as a heuristic concept. (cf. Vobruba 2009: 20). There are to observe different versions of how society is seen and interpreted by different actors. Beyond, there is no such thing as “society”. Processes of societal integration or disintegration on the transnational, European level need to be observed as processes perceived by actors if one wants to answer sociological questions on “European society”.

Both these points, if taken, and their consequences are not unique to a sociology of Europe. At least as far as societal (dis)integration e.g. on subnational or national levels is concerned, they cannot be effectless for any empirical sociology. The central consequence for the objective of this paper is that, to analyze processes of societal (dis)integration, an empirically open concept of society is needed. The speed of the social change itself that comes with the European integration process is opening the question of “how to define society” (Vobruba 2012: 263). To this end, Wobbe suggests reconsidering Simmel’s concept of *Vergesellschaftung*. This gradualistic understanding of society (Wobbe 2009: 4) is, as will be argued in the following section, connected to Simmel's conflict based theory of society. Conflicts in modern societies tend to result in institution building to formalize conflict management. In the second section this will be theorized with an institutionalist model building on existing approaches to the political economy of nation states and the EU but integrating a power resource perspective to grasp the role of social actors. Societal (dis)integration, in this scheme, reads as a question of contestation and manifestation of institutional

---

2 A point that seems to be more easily taken within political science, namely multi-level governance approaches.
sets of conflict\(^3\). These processes may take place on different levels and, obviously, on the national and the European, whereas in turn changes on the European level change national patterns of conflict. These processes also include, and this is emphasized in the model summarized in section two and three, social actors and constellations of actors that should be part of a comprehensive analysis of European societal integration. The aim of this theoretical paper is thus to combine a neo-institutional with a conflict theoretical approach to open a new perspective on European societal integration.

1. European societal integration from a conflictual perspective

Conflict, for Simmel, has not only integrative effects in that it produces and modifies opposing interest groups and organizations. His proposition is that conflict itself – without its side effects or a potentially positive outcome – is a form of societal integration. Conflict, e.g. on a certain resource, puts actors that otherwise would have nothing to do with one another in relation to each other. Even if this relation is hateful, it still is a form of social relation, a form of \textit{Vergesellschaftung}\(^4\). (Simmel 1908: 186) Conflict itself is not only positive or only negative, it is rather the ambivalence of conflict that Simmel spotlights, whether it causes social change, as progressives may hope, or the destruction of an integrated social body, as conservatives may fear, or even the elimination of one party. (cf. Tartler 1965: 5f) However, a characteristic distinction for conflicts is whether they can be solved by compromise (Simmel 1908: 250) – for example conflicts on resources – or not – which might be the case in religious conflicts, when only one party can be “right” and extinction poses a likely possibility. Because of the functional differentiation of modern societies, most people consider themselves members of different groups and act in different role models (e.g. Coser 1956; Luhmann 1977), even non-dividable conflicts lose importance. Conflicts in modern society therefore very rarely lead to major societal clashes or even civil war and the extinction of one party – this is important to keep in mind also for conflicts in regards to European integration.

\(^3\) The concept of institutional sets of conflict which are themselves the product of a second order conflict (Konflikt um den Konfliktrahmen, conflict on institutionalized conflict) adapted here was introduced by Fehmel (2010).

\(^4\) Since “societal integration” does not adequately match with Simmel’s concept of \textit{Vergesellschaftung}, in this paper, whenever explicitly Simmel’s understanding is meant, the German word is used. Furthermore, societal seems to be more adequate than social integration while the latter most often refers to the field of social policy whereas societal includes all social fields that in their totality make \textit{Vergesellschaftung}. 
Lewis A. Coser who specified Simmel’s conflict theory starts his discussion with a still striking definition of conflict as “a struggle over values and claims to scarce status, power and resources in which the aims of the opponents are to neutralize, injure, or eliminate their rivals.” (Coser 1956: 8) In his 16 theses Coser then lists the potentials of conflicts in modern society. Among others, he argues for the need of conflict to organize and stabilize interest groups and that conflict may indicate the stability of a system of checks and balances. Like Coser attempting to offer a conflict theory in reply to the functionalism of Robert K. Merton, Ralf Dahrendorf recognizes change as the function of conflicts in modern societies (1967: 272). Not only is conflict omnipresent in modern society, but conflict is also fulfilling a purpose in modern and especially democratic societies. From this perspective opens a more comprehensive understanding of the European leader’s blueprint to integration. If the functionalist argument that economic integration is followed by societal integration is right in any respect, then with the amendment that economic integration is a trigger for social conflict and social conflict is understood as a chance for societal integration. Not necessarily, though, will the result be (positive) societal integration as imagined in the normative functionalist sense. But, to be sure, conflict does offer the chance for societal integration on the European level.

An apercu by Dahrendorf illustrates the societal meaning of conflict: “It may be right that each social conflict requires as well as produces a common ground for the fighting parties. There is no conflict relation between German housewives and Peruvian chess players, because there is no social relation between the two groups at all. The conflict between workers and firms on the other hand becomes the point of departure for the development of certain rules of the game which tie the parties to each other.” (1967: 271; translation by author) What Dahrendorf at the end points at is the framework or institutional set within which conflict takes place and which has to be developed to let any kind of conflict management happen. This goes to the core objective of this paper. Social conflict is a form of social relation (Wechselbeziehung) and thus, with Simmel, must be considered as a form of societal integration. On second thought it might be obvious that two parties are in conflict not only about resources – one may imagine a wage conflict between workers and a firm – but about institutional sets as well, for example the terms and rules under which wages and working conditions are negotiated (Fehmel 2010). These second order conflicts are societal (dis)integration in the making. To put it short: Societal integration on the European level exists, on the one hand, when social relations between different actors or groups can be observed and, on the other hand, happens as second order conflicts on what rules of the game on the European level will be institutionalized.

---

5 One could also frame it as creating coordinating institutions to solve coordination problems (cf. e.g. Hall, Soskice 2001: 15) but this actually overlooks the underlying conflict (see section 2).
In summary, a conflict sociological agenda is based on three assumptions (for the following cf. Bonacker 2009: 188ff.): As stated above and most importantly, conflict is seen as a form of *Vergesellschaftung* or societal integration. Second, conflicts take on specific patterns shaped by the functional differentiation of modern societies and thus, different conflicts cross and interfere, mitigate and reinforce each other. Last but not least, modern societies are characterized by the institutionalization of their conflicts. All four points have to be incorporated in the European level analytical framework in section three.

Back to Simmel’s concept of *Vergesellschaftung*, the task for sociology is to examine what it is with society that is „society“, which characteristics are socially relevant and which levels of *Vergesellschaftung* are more or less intense in a given period of time or in a given historic period (Simmel 1992: 57; cf. Wobbe 2009: 7). Simmel’s heuristic suggests, therefore, to ask for what it is that could be “societal” on the European level (ibid.). As indicated in Dahrendorf’s anecdote, actors in Europe need to have something in common, not in the sense of a shared culture or language but of a common ground to fight on. However, it is not only the “common ground” (the institutional framework) that needs to be investigated, but also the relation and the terms of this relation as well as the actors themselves that are around and actively forming the respective institutional framework. In Simmel’s words, it is the societal powers and elements as such, being the patterns of socialization (ibid.) the sociologist searches for. From an institutionalist perspective, and this will be further outlined in section 2, a “kind of European society” is investigated that is based on “Europe-wide social fields” (Fligstein 2008: 8f).

Aiming at and explaining the protracted and complex development of European society on the basis of interest constellations is important, both politically and for academia, because conflicts deriving from modernization and transformation processes most likely produce winners and losers which directly (re-)configures questions of identity, social integration and legitimacy. It is obvious that the accelerating economic integration always was far from being free of economic interests – from the beginning. The European Round Table of Industrialists, a club of some of the most powerful, considering the economic share represented, European CEOs, was even asked to help building the rules for the Single European market. The liberalization of the telecommunication sector, for example, was basically an agreement between the Commission and the Round Table (Schaper-Rinkel 1999; cf. Quittkat, Kotzian 2011; Tömmel 1994). The extensive “Brussels business” – the immense lobbying structure skyrocketing around the political core institutions (CEO 2013) – is a core feature of the political system of the EU. Economic integration was never without latent conflict and eco-

---

6 Lobbying is closely related to the objective of this paper. However, since space and scope are limited and the question here is not how the Brussels lobbying developed and works but rather general ques-
nomic interests that seek to improve their national and international position. This has consequences also on the prediction of the functional integration paradigm: The *pattern* of economic integration needs to be considered if one expects social integration in the sense of solidarity, identification and legitimization to follow.

European societal integration, in summary, is best described as a conflictual process within which new institutional sets are being configured and that thus shapes the terms and conditions of social conflicts i.e. an emerging European society itself. This includes that social conflicts on the meso-level (one may think of the classic conflict between trade unions and corporations) are not only about resource allocation itself (Fehmel 2010). In fact, institutional sets in which conflicts are to be negotiated become part of the strategies of social actors and, furthermore, institutional conditions are contested. European regulation will interfere with the traditional (until now: national) “rules of the game” (North 1990: 3). At this point, at the latest, business organizations, trade unions and other actors become involved. Every actor will try to direct or halt this process following her most urgent needs and interests. Under certain conditions they will try this on the European level, under different ones on the national. Sometimes they will need to “go European” to preserve national institutional sets. Exploring European institutional sets of conflicts as well as the emergence and contestation of these sets promises a deeper understanding of European *Vergesellschaftung*, based on and opening a gradualistic and thus empirically open understanding of society in general. This aims at the main question for a sociology of Europe: is there a European society, and if so, what does European society mean? As proposed here, there is a European society in so far as there is a European institutional set of conflict which is known by and restricts social actors – and also triggers their engagement in (re)shaping it. Society in this understanding is not necessarily society to everyone in the framed *territory* to the same extent. The territorial dimension of society itself – including the question of who belongs to Europe and who does not (Vobruba 2010: 444) – is conflictual. Last but not least, the question arises how the emergence of European institutional sets of conflict affects the already existing national sets of conflict. Section 2 turns to these questions.

2. Conflict and the emergence of institutions as societal integration

In the following section the Varieties of Capitalism-approach (VoC) is used to further exemplify the idea of institutional sets of conflict. The vast number of concepts to compare different models or varieties of capitalism cannot be reviewed here.
European integration, as will be argued below, seems to oscillate between more and less regulation and thus a twofold model like “varieties of capitalism” with its distinction between liberal and coordinated market coordination is sufficient for this paper’s purpose. In addition, the application of models of political conflict and the Power Resource Approach (PRA) provides tools to describe different sets of institutions from the perspective of class cleavage that are shaped by actors and shape actors’ behavior. Societal integration in terms of the building of institutional sets of conflict is a question of winning and losing, implying specific interest constellations. This section thus aims at combining neo-institutionalist tools with the developed conflict theoretical perspective to grasp conflicting interests as precondition for institution building.

European integration is first of all market-building. The Single Market always was the “core business” of European integration and forms the basis of the “political economy” of an evolving European society (McCann 2010: 2). It then is the task for a political sociology of the EU, to “look at the EU as a distinctive type of economic system, a distinctive pattern of capitalism among others, with its own market institutions” (Favell 2006: 124), a challenge Favell sees expedited most prominently by Neil Fligstein and his economic institutionalism. Markets, in the sense of a “common ground” (Dahrendorf) or institutional sets of conflict, are sets of rules (Fligstein, Mara-Drita 1996; Fligstein, Stone Sweet 2002; Fligstein 2001).

If integration means the readjustment of institutional sets, and since institutions themselves are seen as robust, the process of integration includes pressure to change the national production and allocation regimes (Höpner, Schäfer 2008b: 11). Pressure implies conflicts (Höpner, Schäfer 2008a) and that means conflicts on institutions, because at stake are not only resource allocation like in a simple wage dispute but the rules of the game. European integration, economic and otherwise, is a formation process of institutional sets of conflict and these may interfere with already existing institutional sets.

Institutional sets differ between nation states, and comparative politics holds some sophisticated approaches and research agendas to guide analysis. The Varieties of Capitalism (VoC) approach differentiates two varieties of national sets of institutions, the liberal market economy (LME) and the coordinated market economy (CME) (Hall, Soskice 2001). Within the paradigm, firms are the central actors and because they seek comparative advantages, national institutional sets develop and persist. For example, the prototype of a liberal market economy, the USA, and Germany⁷, the ideal-typical coordinated market economy, complement each other almost perfectly.

---

⁷ The principal concurrence between these two ideal-typical models led Michel Albert to the illustrative distinction between the Atlantic or Neo-American and the Rhenish model of capitalism, whereas, for him, the point lies more in a competition of ideologies (Albert 1993).
in regards of patents as a measure of innovation capacity, industrial relations and welfare institutions (Abelshauser 2012: 39; Hall, Soskice 2001: 36ff). Firms, according to VoC, in either country profit from this constellation because of the comparative advantages this differentiation or division of labour implies. Proponents of VoC imply that firms also tend to support the status quo, for example high wage-high skill arrangements in coordinated market economies. Hence, German firms and business organizations, accepting the advantages of the Single European market should resist a European level liberal market economy which would imply considerable deregulation for the German institutional set or, as a second option, even pressure for a coordinated model at the European level in Brussels. This seems to be at least questionable but needs to be answered by empirical analysis (see section 3).

In the literature two major sets of critiques target the VoC-approach. One asks whether the measurements and in consequence the number of types of capitalism are correct (Crouch 2009; Hancké et al. 2008). Other approaches call for three worlds of welfare capitalism (Esping-Andersen 1990), three “models of capitalism” (Coates 2000), four European social models (Amable 2003; Ebbinghaus 1999; Sapir 2006) and so forth. The VoC-approach itself does leave Southern European countries out explicitly because neither market form fits them.

The descriptive adequacy of VoC set aside for now, the dichotomy between the liberal and the coordinated market model makes it possible to link VoC with existing research on political conflict at the European level⁸. More concrete, “varieties of capitalism matter for public views of European integration.” (Brinegar et al. 2004: 85) Substantial controversies, for example on the European Monetary Union, can be linked to identification with domestic Wirtschaftsstile (economic models) (Thiemeyer 2013). The ideological left-right divide shapes European politics (Marks, Steenbergen 2008; Tiemann 2008) and this is inter alia a question of more or less regulation (see the models of political contestation in Marks, Steenbergen 2008 summarized in the introduction). For interest groups like unions or business associations that try to influence European level institution building, at least, this is not (only) an ideological question. The question is not, to be sure, whether the EU is some sort of a deregulation vehicle by nature, but in which direction the integration continues and this is empirically open as it is the nucleus of an ongoing conflict.

To summarize, the European member states vary in their institutional characteristics the VoC-approach and others try to systematize. VoC has the advantage to emphasize the central distinction for comparing political economies, namely the question of more or less regulation (in multiple fields of economic life). The European market-

⁸ Ebbinghaus, too, starts with the bipolar differentiation of a VoC or Rhenish vs. Neo-American model, but further distinguishes four varieties of European social models between the two poles (Ebbinghaus 1999: 14).
building project, the EU understood as a second order institution that incorporates, coordinates and synchronizes national institutional sets (Lahusen 2008: 134), poses exactly this question. Since the EU as a multi-level entity is dependent on interest groups for efficient governance and opens multiple channels for interest to influence the outcome, a conflict oriented perspective promises a good understanding of what is happening.

Also important for the understanding of European societal integration is the second set of critiques on the VoC-approach which questions the assumption on which actors are relevant for shaping the institutional sets or varieties of capitalism: VoC puts firms in the centre of the analysis and explains the development of national arrangements as a consequence of those firms' search for comparative advantages. Conflict and opposing interests are not central to this perspective.

Which actors have what interest is very relevant to the question of European societal integration. It can be assumed and it is argued in section three of this paper in more detail that actors have interests in the developing European level institutional set (or its non-development in a certain direction) and whether it takes on the form of a liberal or a coordinated market economy. In Crouch's words: “As the régulationistes have shown us, rules are more a means by which economic actors attain their goals than just constraints over them.” (Crouch 2009: 93) Howell points out that following the promising research agendas of VoC and others “a wider theoretical framework that incorporates historical trajectories, class relationships, and the development of capitalism as a global system” (Howell 2003: 122) is needed. Not all of this can be achieved here, but combining it with the conflict theoretical approach proposed above, some directions may be developed.

From a conflict-theoretical perspective, the different models of capitalism did not develop because of comparative advantages for firms – which may help to stabilize them over time – but are the consequence of different allocation of power resources. “Although there are strong grounds for accepting the neo-institutionalist view that there are marked and persisting differences in social processes between societies, the contrast between Germany and the Scandinavian countries suggests that the earlier 'power resource framework' provides a more convincing explanation of differences of institutional structure than one focused predominantly on employer preferences.” (Gallie 2007: 100) Related to the welfare state debate, the “power resources approach” (PRA) argues that because of the “differences in the ways that socio-economic class is related to types of power resources controlled by citizens as well as to patterns of life-course risks among individuals differently positioned within socio-economic structures, welfare state development is likely to reflect class-related distributive conflict and partisan politics.” (Korpi 2006: 168) Within such a model, the “difference in power resources between parties is used as the central independent
variable. Utility of reaching the goal, expectancy of success and relative deprivation are introduced as intervening variables to relate the effects from changes in the balance of power between the parties to the probability of manifest conflict between them.” (Korpi 1974: 1570) Institutional sets of conflict can be understood as temporal compromises based on the (perceived) balance of power resources.

As in Lipset and Rokkans (1967) classic reading of the lines of political conflict within modern societies, class constitutes one important cleavage “around which collective action in distributive conflicts can be mobilized.” Classes in the PRA are further defined “as categories of individuals who share relatively similar positions, or situations, in labour markets and in employment relations.” (Korpi 2006: 174) In neo-Gramscian theory, social forces (e.g. trade unions, business associations), which are engendered by the production process and thus reflect the class antagonism (in the above outlined notion) are taken as collective actors (cf. Bieler 2000: 9). In neo-corporatist words: “The political action of social classes and economic sectors is, almost by definition in the modern period, organized action.” (Schmitter, Streeck 1999: 13; italics in original) Conflicts that are more or less institutionalized in modern political arenas are further interpreted as “democratic class struggle” in which exchange between the conflict parties is achieved at the end – for example wages for control of labour power. “These exchanges, however, need be neither in accordance with principles of equity nor mutually balanced.” (Korpi 1983: 4) “The PRA suggests […] that class-related differences in risks and resources are as relevant in LMEs [liberal market economies] as in CMEs [coordinated market economies], but that in LMEs political power constellations have counteracted development of social citizenship rights and decrease of inequality” (Korpi 2006: 180; cf. Korpi, Palme 2003). Thus, inequality “can be seen to a large extent as the outcome of distributive conflicts” and the initial distribution of power resources between actors (2006: 172). This applies to conflicts on institutional sets as well. The structure of institutional sets of conflict being a result of conflict can be more or less equal, depending on the outcome of the conflict and the initial (im)balance of power.

In conclusion, national institutional sets of conflict in their currently existing forms are the results of class struggle, although the institutional form of e.g. the labour market, welfare arrangements etc. is also shaped by coordination (as the VoC-approach implies) or by other actors, first and foremost the state. Three dimensions of political economic arrangements that vary between capitalisms may be differentiated. The monetary policy or wage bargaining regimes together with other macroeconomic features, different corporate governance and labour regimes, and, last but not least, different welfare state regimes (Brinegar et al. 2004: 63f) are a result of political conflict.
In Fligstein’s theory of fields different interest groups, incumbents, challengers, and governance units ensure the stability or provoke change of institutional sets (Fligstein, McAdam 2012: 13ff). The process of European integration can be described in this sense as reorganization of “fields” (Favell 2006: 127), on quite a large scale if we look at the consequences of the Single European market as unmasked in the so called Euro crisis, which “creates new social arrangements, opens up sites of contestation and differentially empowers a variety of actors. The task is therefore to understand what orients individual behavior and social practices, even in the absence of formal institutional constraints.” (Woll, Jacquot 2010: 113)

Turning to the European level, conflict between member states but also between classes and between transformation winners and losers, too, plays an important role for explaining the EU subsidies to farmers, the enlargement process and so on. Party response for example – broken down on a two dimensional political divide that is represented within national party systems – documents the contestation of the how of European integration (cf. contributions in Marks, Steenbergen 2008; Marks, Wilson 2000). Here, however, the models of political conflict (left vs. right) need to be specified or extended to power constellations between social actors (cf. Wessels 2008). Even more so, European politics, for example EU corporate governance regulation (Horn 2012), are shaped by actor's standing and their power resources within the European political system. “The deepening of the market did not determine how the market was to be governed. That was – and is – subject to an intense and highly politicized struggle among national government leaders, Commissioners and high-level European administrators, judges in the European Court of Justice, party representatives in national parliaments and the European Parliament, alongside a variety of social movements and interest groups.” (Hooghe, Marks 1999: 71) How far European level Social dialogue between peak organizations really has societal support through membership as Visser (1999) argues is difficult to decide. But for sure it is one increasingly important even though there is no independent level of industrial relations in a multi-level governance perspective (Keune, Marginson 2012).

What makes institutionalism and conflict theory combinable in principle is that, like the derived conflict theory, “new institutionalism is agnostic” in that it is not teleological on the final outcome of the integration process (Bulmer 1998: 368). The difference between the institutionalist tool of analysis used here and functionalism in its traditional or “political” pattern is that actors are taken seriously, hence the lack of an automatism or quasi-teleological spill-over. There are constraints and path-dependencies, but they are themselves contested and shaped by interests and constel-

---

9 These dimensions are sovereignty transfer to the EU to counter pressure on the nation states and economic removal of tariffs within the EU.
lations of conflict. To put it with George Woodcock\textsuperscript{10}: “Structure is a function of purpose” (cited in Visser 1999: 85). On the other hand, institutions structure actor's strategies, within these institutions, of course, but also whether they can contest them (again).

In order to understand the relation between actor and institution, analysis has to put the incumbents, challengers, and governance units shaping the European institutional sets of conflict on the agenda. Conflict between facing interests stands at the beginning of Verbesellschaftung and institutionalization followed by societal integration is not necessarily the result. Obviously, national sets of institutions exist and will remain. The question rather is who wins in what respects by enforcing what kind of European integration or national strategy. Furthermore, “[t]he prevalence of defensive nationalism in Europe does not invalidate the 'clash of capitalisms' thesis. Indeed, it suggests that many member states perceive a genuine and substantial threat from EU policy to their established arrangements and practices. However, the nature of their response also indicates that they may yet retain both the will and the capacity to shape their own destinies and to resist wholesale incorporation into a new, more liberal, Europe.” (McCann 2010: 4)

3. Reframing national industrial relations: European societal integration at the meso-level

In the following section some general hypothesis for analyzing conflictual processes of societal integration at the European level are proposed. The focus lies on economic interests because, as argued above, European integration was first and foremost economic integration and, thus the European picture of interest groups is dominated by business interests, and here, producer interests. The right of free movement of labour is taking to exemplify this. Generally there is a vast literature that proofs the importance and tells the story of both European level industrial relations and Europeanization of national industrial relations so this is only of secondary concern in the following. Instead, as stated above, conflict is seen as a form of Verbesellschaftung or societal integration. Herein lies the industrial relations importance to the questions raised in the beginning.

On the macro level, too, European integration, the dynamics of Europe, is the result of interest constellations: the French objective to tie in Germany, the German political and economic strategy of Westintegration, more recently the interest of the core to pacify the periphery, the interest of the periphery to get a share of the prosperity and stability of the core (Vobruba 2006). The Eastern enlargement of 2004/2007, for

\textsuperscript{10} General Secretary of the British Trades Union Congress, 1959-1969.
example, was agreed by all member states and all were explicitly or implicitly seeking improvements of their external security or economy (access to markets, cheap labour) (European Parliament 1996). But there is more to take account of as the preferences of member states do not spring from nothing and, more importantly, may be contested and thus change due to pressure on the national – or European level by economic, social or other public interests\(^\text{11}\).

For decades, neo-corporatist and first of all “national” institutional sets of conflict were dominant. The “golden age” (Hobsbawm 1994: 223, 255ff) of European welfare capitalism after World War II until the first shocks in the 1970ies featured relatively stable industrial relations, prosperity for large sections of the population, and distributive conflicts were enclosed nationally. With the process of European political integration and the concentration of politics on the European level adding to economic integration, especially after the European Single Act (ESA), the European sphere continues to become more and more important. The ESA and the Maastricht Treaty were followed by increasing interest group formation in Brussels and it was the Eastern enlargement 2004/2007 that brought back questions of equality into the debate on European integration (Bach, Sterbling 2008; Delhey 2010). Furthermore, national elections and policy changes\(^\text{12}\) or EU policies being introduced (the Bolkestein directive on services in the internal market or most recently the ICT-directive\(^\text{13}\)) increased conflict on the European level. Considering this long history of conflicts, European society is not “in the making” anymore in the sense that there is still not some “needed” level reached to call the outcome “society”. The considerable history and the density of societal conflict especially since the 1990ies are proof of the processes of *Vergesellschaftung* that, like any form of *Vergesellschaftung* on the national level as well, is never totally stable. That would, according to Dahrendorf and many others, stop societal change and negate the very character of modern societies.

Free movement of labour, first only in the coal and steel industry, established the right to migrate for the purpose of job seeking beginning in 1957. This outlawed discrimination in recruitment of citizens of other member states and thus free movement, implying the right to compete on the labour market, questions the established institutional sets (working conditions, wages, etc.). This means that free movement, especially without minimum wages as it is the case in Germany, poses threats to national models of capitalism. The debates on transitional rules on free movement

\(^\text{11}\) This does not negate the of course very important political situation after World War II. But even the most political rhetoric of the founding fathers of the European integration process sought economic integration to be the most promising starting point.

\(^\text{12}\) For example the dominance of social-democratic governments across Europe in the late 1990ies, led by Schröder and Blair.

\(^\text{13}\) Directive „on conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer“.
of labour in the wake of the 2004/2007 EU-enlargement show what is at stake: Who, to what conditions and under what circumstances is allowed to take part in the market? Who are going to be the losers and the winners in this process of societal transformation? The four freedoms (capital, goods, services, labour) change the competitive context in all four domains.

It is rather clear between labour and capital, at least at first glance, who gets favored: „In contrast to unions, for which an effective bargaining coordination at national level is a power resource for transnational coordination, preferences for the participation in MEB [Multi-employer bargaining] differ between nationally and transnationally operating companies.“ (Pernicka, Glassner 2012: 28) At this point, it is difficult to simply speak of “capital” and “labour” as it was briefly outlined above: The corporate sector on the one hand splits in businesses that are mobile – and businesses that are more immobile (Zimmer 2002: 210). Within the trade unions the conflict is similar but considerably less clear: while a negative-globalist interpretive pattern may dominate, liberalization in general is not seen positive (ibid: 211). Also within the unions their might be differences between sectors, namely between low-wage, low-skill labour and high-wage, high-skill labour. Representation of interests for both sides thus becomes more difficult. For example, the German high-wage, high-skill metal industry might see less problematic consequences through Europeanized institutional sets of conflict on both sides, trade unions and businesses alike, than the construction sector. In the latter low-skill, low-wage sector, especially unions tend to be more afraid of additional competition by foreign competitors, but also the German construction businesses, and even more so small businesses, see deregulation as a threat.

Free movement of labour, the “inevitable” (as free movement is a core principle of the European Treaties) opening of the labour market for East-to-West migration, especially in Germany, was highly contested (Nissen 2009). Trade unions, business organizations, conservative and social democratic parties alike were highly sceptical of the extension of free movement to the Eastern European newcomers – because this was understood as changing the terms of conflict with unknown consequences. Soon most business organizations changed their opinion and spoke out for faster opening, hoping for cheap labour. At this point though, the transitional rules had become an integral part of the enlargement process; especially the German public was not willing to give up this imaginary shield that should protect German wages. The transitional rules expired for the 2004 accession countries in 2011 and end for Bulgaria and Romania with the year 2013. For Croatia, again transitional rules were introduced supported not least by the German construction sector. It can be assumed that attitudes towards free movement like attitudes towards European integration differ not only on the basis of socioeconomics like education, but also on the underlying variety of capitalism (Tiemann 2008: 257f; Medrano 2003: 230). Indeed,
United Kingdom together with Sweden and Ireland was the only member state to refrain from transitional rules and to open its borders to East-West migration. According to the considerations of section 2, this the result of strong interests in Britain for low economic barriers and cheap labour that already helped to shape the national form of liberal market economy.

With the deepening of the integration process, European level organizations became more and more important. This is partly intended institution building by European politics, for example the European Single Act and the Maastricht Treaty that triggered European interest group formation, but it also shows different potentials, needs and pressures for businesses and unions to organize on the European level. The European Round Table of Industrialists might be a sufficient example for now. It is also clear, that European integration offered new strategies to actors. For example for business interests it is common to play “two level games” to block policies through the intergovernmental mechanisms of the EU by lobbying through national channels if they cannot succeed on the European level (Greenwood 1999: 159f).

From a “transformationalist” perspective “those who see significant potential from further integration will have an incentive to defect from established systems and practices that inhibit market liberalisation, and to mobilize politically to press for reform. Moreover, as economic integration proceeds, the proportion of the economy that will benefit from liberalisation will expand and the number of economic actors with an incentive to press for reform will grow. The process of market integration will generate the development of a reformist coalition committed to driving through facilitating regulatory change.” (McCann 2010: 18) On the other hand, from an “accomodationalist” perspective: “even if the economic calculus makes change appear an attractive option to many actors, the political costs of persuading others to accommodate the new approach could be substantial.” (ibid: 19f) “In a simple pluralistic model of reform, the tipping point between policy continuity and significant change will come when the potential beneficiaries outweigh the likely losers of reform.” (ibid: 20)

European level institutional changes can also backfire on the national level: following the implementation of the freedom of services, the German construction sector got under heavy pressure by cheap labour. In reaction the “law on posting of workers” enabled the German government to (partly) regulate the decrease in labour conditions and wages (Cyrus 2003: 36f). This development made it possible to implement minimum wages for certain industrial sectors, Germany being one of the last countries that does not have national minimum wage legislation incorporated in its system of industrial relations. Until then, business associations successfully blocked any form of minimum wage.
The European integration, it was often argued, seems to favour the capital side: Negative integration is much easier to achieve than positive (Scharpf 2008; 2010). To put it with Schattschneider: “The flaw in the pluralist heaven is that the heavenly chorus sings with a strong upper-class accent.” (1960: 35) Nevertheless, unions try to broaden the range of topics and pressure for steps towards positive integration. For Hoffmann, changes in production regimes (post-fordism), the Europeanization but also Globalization of trade and production as well as the spreading of financial market capitalism, all have as a result that “the areas of ‘social enclosure’ on which trade union policy-makers depend have been either weakened or eliminated.” (Hoffmann 2006: 616) This implies that some sides, in this case the trade unions, may lose following economic integration on a new level that weakens national institutions. There is little doubt that European economic integration has had until today a “liberal” i.e. deregulatory agenda, although opinions, of course, differ significantly. This means also that the “EU's liberal challenge to national institutional systems is real.” (McCann 2010: 179) What does this mean, in conclusion, for social actors?

For it is long considered that losing and winning are the most important categories in transformation processes (Münch 2001), the proposed framework reads as a fourfold matrix (figure 1) where capital and labour actors both can be on the winning or losing side of integration. As Thilo Fehmel argued for the field of social policy, social actor's preferences are “the expression of economic capability and political willingness” (Fehmel 2012: 55). For example, one important mechanism of European social integration indeed was “the confluence of interests of the Commission (in expanding the frontiers of integration) with those of ETUC (in seeking to enhance the interests of its worker constituency.” (Greenwood 1999: 158) In turning first to the side of labour, it is easy to see, that not only political willingness is the question, but also economic capability. On the one hand, interest groups representing low-wage, low-skill labour are not overly enthusiastic about integration but become even imposed to it when policies, like the freedom of movement for citizens of Eastern European member states, threaten the economic situation of their members. On the other hand, powerful trade unions like the IG Metall and also the German labour peak organization (not directly involved with day-to-day problems of workers) see the integration process in general more as a chance to improve their situation, recognizing the constraints and possibilities of internalization and Europeanization process.

On the other side, too, preferences differ. Whereas transnational capital, of course, favours the liberalization project EU, German and British companies – coming from different varieties of capitalism! – do share the goals of integration and de-regulation.

---

14 Looking at the political decision-making process on the European level, it is difficult to decide whether pluralist or neo-corporatist patterns prevail since this depends on the structure of each social field, the role European institutions like the Commission decide to play and which type of process (Consultation, co-operation, co-decision) is in operation (e.g. Michalowitz 2002).
British and other European business associations “conveniently used UK opposition to mask their own unease” towards social legislation on the EU level (Greenwood 1999: 159). The very competitive German metal, car and machinery-building industries, too, want to further open markets and thus lobby for more integration accompanied with de-regulation. There seems to be a class interest on liberal integration that is not differing with the domestic model of capitalism. But there are also losers to this strategy. Craft businesses and especially the construction industry are much more sceptical on integration and try to get cover under the German institutional set of a coordinated market economy.

<table>
<thead>
<tr>
<th>winning</th>
<th>losing</th>
</tr>
</thead>
<tbody>
<tr>
<td>- more integration</td>
<td>- less integration</td>
</tr>
<tr>
<td>- de-regulation</td>
<td>- national model as stronghold CME)</td>
</tr>
<tr>
<td>- Europe as a LME</td>
<td>- limits to freedom of movement</td>
</tr>
<tr>
<td>- expansion freedom of movement even globally</td>
<td></td>
</tr>
</tbody>
</table>

- e.g. German Employer’s Association, German Gesamtmetall, Confederation of British Industry

<table>
<thead>
<tr>
<th>labour</th>
<th>winner-loser (LME = liberal market economy, CME = coordinated market economy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- more integration</td>
<td>- sceptical towards integration</td>
</tr>
<tr>
<td>- regulation on EU level</td>
<td>- national model as stronghold (CME)</td>
</tr>
<tr>
<td>- Europe as a CME</td>
<td>- limits to freedom of movement</td>
</tr>
<tr>
<td>- freedom of movement as principle of equality</td>
<td></td>
</tr>
</tbody>
</table>

- e.g. German IG Metall, German trade union peak organization, British Trade Union Congress

- e.g. German construction trade union

Figure 1: Analytical framework with the two dimensions capital-labour and (de-regulatory) integration winner-loser (LME = liberal market economy, CME = coordinated market economy)

This brief overview shows the complex situation of European level institutionalization on top of national sets of conflict regulation. National institutional sets framing the institutional relations and day to day conflict are the result of class conflict, including its resolving by compromise. Trade unions and business organizations argue about wages, work conditions, welfare institutions and vacation days. They also argue about who and to what conditions is allowed on the national labour market which in turn effects the power resources in the conflict: too many unorganized workers on the market weaken the trade unions’ position, competition by Chinese workers (as
perceived with the intra-corporate-transfer directive) who are insisting less in safety rules posted by a Romanian contractor threaten the compromise – at least in the view of unions and certain industries (e.g. construction sector). Unions and business organizations alike have a high interest in shaping European institutions, in leaving an imprint on European societal integration.

4. Concluding remarks

Social integration follows market integration. This was the (functionalist) assumption of European politicians, with Jacques Delors leading the way. With the ratification of the Maastricht Treaty and its entry into force 1993 a long path to full economic integration was completed. Europe now would grow together in social terms too, the citizens of Europe would start to feel and act as Europeans in solidarity and peace. The freedoms of goods, services, capital and last but not least labour would lead to the creation of an area of freedom, security, justice and prosperity. But: Societal integration is a conflictual process and its outcome is uncertain. Further social cohesion and convergence, looking at the assumed conflict constellation regarding deeper integration, may seem quite likely – though they do not follow necessarily.

Conflict is not contrary to integration. For the question of a European society it is of tremendous importance that there is a conflictual societal connection on the European level. What can be concluded so far is that different organizations representing distinct interests pressure for different national and European policies in the wake of European integration. Not only is the European institutional set of conflict contested. The single European market challenges the nationally institutionalized sets of conflict. Not only do interest groups – first and foremost unions and business organizations – need to “go European” to defend national institutional sets. They also fight conflicts on the developing institutional set of European conflict framing. It may not be clear in every detail what model of capitalism is embodied in this institutional set, although it may tend to a liberal market economy, but it sure is constraining actors already. Neglecting these conflicts means ignoring European societal integration.

The societal character of the European integration process lies not least in the conflicts on how the institutional set will look like in the future: it is Vergesellschaftung in Simmel's understanding of society. The European Commission's, Monnet's or Delors' hope that social integration would follow economic integration might not be proven wrong totally. But this process is conflictual since resource allocation and institutions that regulate resource allocation are at stake. To ignore this, poses for European decision-makers the threat to get caught by anti-european populism – which in turn can be quite rational from losing actor's perspective.
References


Marks, G.; Steenbergen, M. (Hg.) (2008): European Integration and Political Conflict. Cambridge: CUP.


Medrano, J. (2003): Framing Europe: Attitudes to European Integration in Germany, Spain, and the United Kingdom. Princeton: PUP.


<table>
<thead>
<tr>
<th>No.</th>
<th>Author</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/2013</td>
<td>Vobruba, Georg</td>
<td>Gesellschaftsbildung in der Eurokrise</td>
</tr>
<tr>
<td>2/2013</td>
<td>Fehmel, Thilo</td>
<td>Globalisierung und europäische Sozialpolitik. Implikationen der Strategie „Europa 2020“</td>
</tr>
<tr>
<td>1/2013</td>
<td>Preunkert, Jenny</td>
<td>Der Euro in der Vertrauenskrise</td>
</tr>
<tr>
<td>5/2012</td>
<td>Keutel, Anja</td>
<td>Die Europäische Union zwischen einheitlicher Integration und Abstufung</td>
</tr>
<tr>
<td>4/2012</td>
<td>Nissen, Sylke</td>
<td>Beobachtung oder Intervention. Das Eurobarometer im Prozess der Europäischen Integration</td>
</tr>
<tr>
<td>3/2012</td>
<td>Vobruba, Georg</td>
<td>Die Transformation der Souveränität. Politische Leistungsfähigkeit und Legitimationsprobleme der Europäischen Union</td>
</tr>
<tr>
<td>2/2012</td>
<td>Fehmel, Thilo</td>
<td>Unintendierter Annäherung? Theorie und Empirie sozialpolitischer Konvergenz in Europa</td>
</tr>
<tr>
<td>1/2012</td>
<td>Preunkert, Jenny; Vobruba, Georg</td>
<td>Die Eurokrise. Konsequenzen der defizitären institutionalisierung der gemeinsamen Währung</td>
</tr>
</tbody>
</table>

auch online unter http://www.uni-leipzig.de/~leus/
Die SERIE EUROPA wendet sich an alle sozialwissenschaftlichen Disziplinen. Gegenstand der Reihe sind langfristige wie auch aktuelle Probleme der EU und Europas und die Rolle Europas im globalen Kontext. Beiträge der SERIE EUROPA sind Vorab-Publikationen, die später in Fachzeitschriften oder Sammelbänden veröffentlicht werden sollen.