

THE PARADOXES OF NEO-LIBERALISM

LABOUR MARKET AND SOCIAL DIALOGUE IN TIMES OF VOLATILITY

In the recent decades, we have witnessed political, economic and sectoral upheavals, which have been manifested in, among others, labour market policies and labour relations. The great recession in 2008 was followed by a decade-long economic recovery in Europe. This process, however, has led to unfavourable social consequences. Despite the economic upturn, Europe is still suffering from weak productivity and low output growth rates, while income inequalities have been worsening for decades (ETUI 2019). Besides the adverse effects of the economic crisis, globalisation of production, technological progress (associated with the gig economy, advanced robotics and automation, among others) and increased international migration threaten labour market stability. Political volatility, including the spread of populist governance, also creates new challenges for social actors. Financial capitalism (e.g. the disconnection of wages from production and globalisation and workers being confronted by competition from globalised labour markets), is at the heart of these disadvantageous tendencies (Grady 2017, Vachon et al 2016). Nevertheless, neoliberalism remained the dominant paradigm shaping the European social and economic landscape.

The neoliberal economic regime has imposed deregulation on the labour market, which was accompanied by weakening labour standards and the decline of the influence of trade unions (Baccaro–Howell 2011, Vachon et al 2018). These tendencies exacerbated labour market inequalities and contributed to the deterioration of working conditions. Although the employment rates in most European countries have reached their pre-crisis levels, working environments have changed substantially. Poor job quality is associated with an increase in non-standard employment settings, such as temporary work, part-time jobs or subcontracting, which enhance the risk of in-work poverty and the weakening of standard worker protection (ETUI 2019). The controversial effects of neoliberalism are most visible in the less advanced European economies, especially in the former state socialist countries, that have based their development path on a low-wage competitive strategy. In Hungary, for instance, several neoliberal reforms have taken place since 2010 in the labour market legislation that simultaneously weakened the position of social partners and workers' protection and ensured a broader room to manoeuvre for employers in exploiting labour. At the same time, in order to attenuate the negative effects of the crisis on employment, intensive public work programmes were introduced, especially (but not exclusively) for those with a low educational background. The mixture of neoliberal deregulation and state interventionism has led to increasing employment rates accompanied by growing social inequalities and a decline in working conditions.

In light of the aforementioned major tendencies, this Special Issue aims at presenting contributions that seek answers to the following questions: how do workers, trade unions, and policy-makers react to the new

era of volatility? How do new circumstances limit the space for (supra)national and local actors for action, and what are the new windows of opportunity that open up? Consequently, contributions of the Special Issue are related to two broader subjects: changes to labour markets on the one hand, and altering of labour market policies and related position of various actors, including trade unions, on the other. The papers provide an insight into the changing relations between national, local, and supra-national institutions and processes. Many of them also shed light on how disadvantages related to education, skills, and class intersect with gender and ethnicity in the semi-periphery of the global economic system.

Colfer's paper examines the role that the European Trade Union Confederation (ETUC), as the largest civil organisation in Europe, plays in shaping the institutional landscape of the European-level social dialogue. The core question of his contribution is to what extent the ETUC has been able to preserve the power and influence of its members in light of declining position of trade unionism. The article provides a comprehensive review of the historically conditioned factors undermining the ETUC's capacity to represent stakeholders' interests effectively, such as its membership diversity, limited influence on macroeconomic policymaking, controversial financial background and the erosion of labour standards.

The contribution of Tholen to this volume provides an empirically-based and theoretically relevant explanation for the specific development path of trade unionism in Central-East and South-East Europe. According to his hypothesis, the traditional syndicalism of the trade unions in these regions is determined by the broader institutional context that goes beyond labour relations and includes the historical and political heritage of the past, neo-liberal orientation of the economic and political elites, weak implementation of the European standards of labour relations, etc. Through the analytical investigation of a long-lasting consultation project and interviews with various stakeholders the author concludes that if trade unions in these regions would like to preserve or even strengthen their positions, they should invest in their organisational and ideological modernisation, as well as in financial and political restructuring.

While Tholen aims to provide a generic picture of the historical perspectives and political/institutional context of social dialogue in Central-East and South-East Europe, the effects of neoliberalism and austerity on social dialogue in Hungary are explored in the contribution by Árendás and Hungler. Their study reflects the decline of the power and influence of trade unions and the erosion of the institutions of social dialogue that has taken place over the last decades in Hungary. Through case studies carried out in the healthcare and the educational sectors and interviews with relevant stakeholders in trade unions, the authors investigate the extent to which social dialogue is still a reliable instrument for enhancing the voice of employees and to preserve the values of the European Social Model. They point out that social dialogue in Hungary is dysfunctional, both at the national/sectoral level and in the workplace, as the institutions and mechanisms remain formal and are an inappropriate means for social partners to influence workplace issues and boost workplace democracy.

In her contribution, Lalioti examines the links between education and labour market needs in Greece. Relying on the results of extensive desk research, she argues that the 2008 economic crises and the related austerity measures led to a decline of the already weak connection between the outcomes of the education system and the labour market in the country. The skills mismatch in Greece is still among the highest by Euro-

pean comparison; paradoxically, an increase has been taking place in the availability of skills, accompanied by the decrease in the demand for skilled labour. Following the crisis, serious attempts were made to ameliorate the link between education and labour market needs, among others by enforcing practice-based learning (especially in the case of VET institutions), redesigning the public employment service provision, developing partnerships between educational institutions and enterprises and involving new actors, such as local authorities and social partners, in the design and implementation of labour market interventions. The author, however, states that despite the progress made, the political actions took place in a rather disorganised and ineffective manner, especially due to the lack of a comprehensive and coherent strategy to reinforce the connection between the labour market and education. This conclusion suggests that historical/institutional barriers are hard to overcome.

While the contribution of Lalioti sheds light on the mismatch of skills and labour market demand in the Southern European context, the following three papers address labour market tensions in Eastern Europe and, within that, analyse the Hungarian case specifically. The article by Gregor and Kováts is based on carefully designed research encompassing focus groups and a representative survey that together provide a detailed account of the problems that Hungarian lower-class women face when they try to reconcile their labour market and care work duties. The authors convincingly argue that the tensions faced by women with meagre human and financial resources are nearly unbearable and that these can hardly be resolved by pure “reconciliation policies”. On the one hand, lower class women have no means of outsourcing care duties related to their children or elderly relatives, as do their middle- and upper-class peers, who buy care services in the formal or informal market. On the other hand, these women work in occupations that leave no flexibility at all for them to reconcile care tasks: they work long hours and often in several shifts. What is more, one of the greatest sources of tension stems from their related conflicts with employers (usually men) who show no understanding in relation to their caring obligations. In fact, employers have a clear counter-interest in relation to women’s care responsibilities. Thus, these women, instead of being “emancipated” through full time work, or “liberated” by the capitalist economic system, are stuck between private and public spheres of life, and see no way out. When women are asked about who they can rely on when they are in need of help, they name female relatives and friends. As Gregor and Kováts sum up: “[W]omen count neither on the state nor on men in the solution of these most pressing problems.” In the light of their empirical results, the authors argue that the problems lower class women face are in fact what Fraser (2016) calls the “inherent contradiction of capital and care” and the “neoliberal gender regime” (Walby 2011) that expects both productive and reproductive work of women but not of men.

Kovai’s article, based on ethnographic research in a small town in one of the poorest rural areas in Hungary, also touches upon the real-life tensions between work and care responsibilities. She shows, among other things, that it is exactly because of their caring obligations that it is rational for unskilled women to take up low-paid public work instead of formal employment. Even though the pay in the public work programme is extremely low (60% of the minimum wage in 2018), it is organised locally, thus allowing them to fulfil care obligations. Meanwhile many of the unskilled men of this settlement have found jobs outside the small town since the mid-2010s, thus they are commuting daily to a larger city or work abroad. Both men and women are

in precarious and exploitative situations and face daily struggles to make ends meet. In the centre of Kovai's article is the issue of how the expectations of majority society on "normal life and labour" (nuclear family and regular paid employment) are in severe tension with the real-life opportunities of the people living in poverty. The ethos of permanent wage labour in this former mining town has clashed with mass unemployment since the 2000s. As precarity is associated here with "Gypsiness" and the permanent wage worker situation is related to the "Hungarian" position, such everyday construction of "normal life" is heavily ethnicised. The fact that there are not sufficient workplaces is only reflected upon by the (central and the local) state by organising the public work programme. As Kovai strongly shows, the public work programme in such circumstances provides only a façade of "normal life". The pay public workers receive does not amount to a living wage and effectively locks people into poverty and volatility without the hope of being able to plan ahead – one key feature of middle class "normality".

While Kovai applies a micro-perspective, the contribution of Molnár, Bazsalya, Bódis and Kálmán provides the reader with a detailed, multifaceted picture of the organisation of the public work programme in the context of active labour market policies in Hungary and Europe. While Kovai's research concentrated on the experiences of public workers, Molnár et.al. investigated the considerations of decision makers and identified the mechanisms of the national, regional and local level organisation of public work in Hungary. Similar to Kováts and Gregor, these authors also rely on mixed research methods combining quantitative analysis of national level data with interviews. One of their key findings is that decisions on the volume of public works and their proportion compared to other ALMP programmes was "political rather than technical". That is, the central concern of decision makers was not based on expert knowledge of how long-term unemployment could best be combatted under an economic crisis situation but on other, political considerations, including decreasing local social tensions and handing over power to municipalities at a time when their resources and scope of activities were severely restricted. The authors suggest that the ways in which public work programmes are planned and resources distributed resembles the planned economy of state socialist times. We can add that public work programmes were moved to the Ministry of Interior between the two World Wars in Hungary, similarly to what happened in 2011. The way in which public work programmes are organised leads to a direct dependency among public workers, as the mayors are both their employers and elected officials in power. This way "participants are at the mercy of local powers, especially mayors", similarly to the post-crisis years of the 1930s and 1940s, when social assistance was directly linked to taking part in locally organized public work programmes. These historical parallels suggest that there might be a (not so) subtle path-dependency of workfare programmes as forms of politically disciplining the unskilled labourers (the "able bodied", "undeserving" poor) in Hungary, especially under crisis situations. The link between (state) welfare and control, however, might well be observed in other regions too, especially in the semi-periphery.

Finally, we are glad to include into the Special Issue the review article by Vera Messing on a book very much related to our subject. The edited volume, based on thorough field research was published in 2019 by Vincze, Petrovici, Rat, and Picker, and is entitled *Racialized Labour in Romania. Spaces of Marginality at the Periphery of Global Capitalism*. Palgrave –Macmillan.

Our Special Issue sheds light on what forms neoliberal capitalist and political order takes in post-communist eastern Europe. We see deregulation in extremis, freeing employers from social responsibilities and negotiations in relation to employees. From the perspective of lower-class employees and public workers, at the same time, deregulation, and new forms of employment, such as the public work programme, lead to previously unseen forms of regulation and control that interfere with their lives beyond the sphere of the labour market. Given the lack of organised labour and the absence of trade unions, struggles are fought individually. Clashes with employers risk the very source of income and living. In the words of Guy Standing (quoted by Kovai) “[w]ithout a bargain of trust or security in exchange for subordination, the precariat is distinctive in class terms”.

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