

## Book review

G. Meardi, *Social Failures of EU Enlargement. A Case of Workers Voting with their Feet*, Routledge: New York–London: 2012: 228: ISBN 978-04-1580-679-4

Sometimes you may judge the book by its cover. Those familiar with the works of Guglielmo Meardi know very well that his name as the author usually signals a controversial, if not a provocative content. Italian-born Meardi, who currently is the Head of prestigious Industrial Relations Research Unit at the Warwick Business School, has been covering developments in the field of work and employment relations in Europe for more than two decades, paying special attention to transformations of that field in the Central and Eastern Europe (CEE). He pioneered field research in the Polish affiliates of multinational corporations. In 2002 Meardi stepped forward with a thesis that fuzziness, disorganization and hybridity of Polish industrial relations make our country look like an ‘American Trojan horse (Meardi 2002), posing a threat to the foundations of European Social Model. Ten years later the Author does not hesitate to formulate even more acute diagnosis, writing openly about EU’s lack of capability to maintain the social dimension of European integration after the 2004–2007 enlargement. In his book Meardi claims that the accession of post-communist countries to the EU produced a convenient excuse for undermining the idea of the intrinsic nature of work as a value, which should not be assessed only from a market perspective, as either profitable or not. What happened in the New Member States (NMS) from the CEE after the accession, serves as the evidence.

In the beginning the author explains that the starting point for the analysis to be conducted in the book is the triangular framework by Albert Hirschmann (1970) intended to describe the social relationship between a consumer and a supplier of goods in a way going beyond the rational choice. The framework is inspired by

behavioural economics and has proven to be an adaptable and useful analytical tool in such fields as industrial relations, HRM or social impact of EU labour law (for example: Bennett, Kaufman 2007). The model consists of three pillars labelled as *loyalty*, *exit* and *voice* which denote various responses exhibited by individuals, depending on impulse received from their social environment. If an individual feels his loyalty is breached, he may react by either open criticism (*voice*) or a decision to escape from the unfriendly surrounding (*exit*), which may take a form of either migration (physical exit) or alienation (mental exit). Meardi adopts that framework for the purpose of analyzing the complex situation of employees in the CEE in order to show the reader that processes occurring in the labour markets in the region threaten the social cohesion of the whole of EU.

The first part of the book is called *Betrayal* (as an opposition to Hirschmann's loyalty), because the author writes about unfulfilled expectations of the European Social Model being actually transposed to the New Member States. Transposition was expected to take place either through implementation of EU regulations in the field of social policy, or through 'soft' means such as social dialogue, or through an influx of Foreign Direct Investment (FDI), which would have brought (as a side effect) also a new, more employee-friendly culture of employment relations. None of such things happened, concludes Meardi. Implementation of EU regulations has not improved the state of working conditions (Chapter 1). Instead of overall positive changes in quality of employment, workers in the CEE experienced increased labour market insecurity. Meardi states that the enlargement uncovered an unpleasant truth about the weakness of EU regulations much more than the inability of NMS to introduce better social standards, which is usually presented a key factor behind the failures of the process. Furthermore, it has become evident that the EU law in fact was more market rather than social standards-oriented. According to Meardi the only beneficial effect relating to world of labour in Central and Eastern European NMS was the introduction of the free movement of workers what allowed the people from the region to look for and take work in the West legally.

Similar thoughts are shared with the reader as far as transmission of the culture of social dialogue is concerned (Chapter 2). While EU-endorsed tripartism partially succeeded in creating a social cushion for workers in course of economic restructuring affecting their workplaces, it also blunted mobilisation capacity of trade unions. The pressure on conducting social pacts exercised by the EU authorities contrasted with their disregard to genuine collective bargaining between employers and employees which (according Meardi) would act as a catalyst for regulating and civilizing of labour relations.

Finally, Meardi evaluates the impact of FDI on industrial relations (Chapter 3). As the process of FDI influx progressed, it was becoming increasingly evident that multinationals are more a source of new problems than a solution-providers to the old ones. It was naive, Meardi makes it clear, to believe Western investors were messengers of the European Social Model and would spread the culture of worker participation and social dialogue around. On the contrary, multinationals took advantage of the weaknesses of local labour markets and fragmentation of collective bargaining, which only enhanced negative tendencies in the area of labour relations.

As one feels betrayed, *Exit* becomes the option one favours. It is the title of the II part of the book. Meardi points out that majority of surveys indicate a lower level of satisfaction in working conditions in the post-communist countries than in the West. But employee discontent materialized rather in 'exit' than 'voice'. 'Exit' simply meant migration to the West, as subsequent national labour markets of the 'old EU' opened before the citizens of the NMS (Chapter 4). The actual extent of outward migration to the EU 15 was twice as large as the forecasts of European Commission projected. The motivation behind those individual decisions stemmed from desire to attain a level of material and social security which would not have been achievable in home countries of the migrants. As a result, a European underclass of workers willing to accept jobs below their qualifications and rejected by local employees is created.

Another form of 'exit' – particularly disastrous to young democracies – is political retreat of those employees who have not chosen to leave. It is manifested by either their electoral absence or leaning on populist movements (Chapter 5). Workers' grievances which cannot be healed either by marginalized trade unions or mainstream political parties lead to escapism or seeking radical recipes. According to Meardi, when a large part of employees do not participate in elections, the political stability of the country is in danger. Therefore national governments should put all efforts to increase viability of all channels for social articulation before the accumulating energy of working class begin to undermine the foundations of democratic state. The author makes note that indifference to the 'voice', understood as a collective institutional representation of interests negatively affects not only industrial relations but also politics.

Apart from the macro-level of capital-labour relations, 'exit' can be approached from a different perspective: at the workplace level disengagement of workers manifests through their low organizational commitment (Chapter 6). This is, in particular, indicated by: high employee turnover, low level of identification with the workplace and the employer, and organizational awkwardness as a form of disloyalty. Low number of strikes in the NMS does not necessarily stem from a strong sense

of responsibility and integration of employees with their workplace. It is rather a warning signal indicating disappearance of 'natural' channels for expressing discontent. Workers protest in quiet ways such as increasing employee turnover and lack of enthusiasm towards top down initiatives of management. In the long run, such escapist attitudes of workers and lack of stable and viable collective labour relations at the workplace level can undermine qualitative development of enterprises from CEE.

Part III of the book is focused on 'Voice', as a response to the 'betrayal' of expectations that had not been fulfilled. That particular mechanism is barely visible in the CEE as far as employee behavior is concerned. Meardi sees three potential ways out of that puzzle. Firstly, through revitalization of trade unions seeking to penetrate the private sector of economy (Chapter 7). This would not be an easy task to accomplish, considering generally hostile attitude of the vast part of private business in the NMS towards the very idea of independent union representation at the workplace level. Union organisations in multinational corporations face a different challenge of falling apart with the rest of the sector at the national level or, more broadly speaking, the local community. Trade unions become a hostage to policies of competitiveness engineered by the parent company. Meardi acknowledges those barriers and suggests a possible way out through transnational cooperation of trade unions (chapter 8). Trade unions' power in NMS might get enhanced as a result. However, Meardi adds that the real life examples of cross-border solidarity are rare. Growth of social movements is another field where the 'voice' could be amplified (chapter 9). The author admits, though, that without cooperation with trade unions spontaneously exercised pressure of social movements is too weak.

Concluding his thoughts, Meardi remarks that the processes he analyses in the book may not appear to be very disastrous, if their impact is assessed separately. However, when those processes are approached in a holistic way, the final verdict sounds gloomy: NMS will not catch up with Western social standards. Furthermore, NMS may become a source of threat to the social and political cohesion of the entire EU. Logically, the EU enlargement should be considered a part of assault on the institutional fabric of organized capitalism. No clear response to the massive eruption of 'exit' strategies will legitimize opportunistic market behaviour as a standard in the EU labour markets. Meanwhile, the power of 'voice' is reduced and political processes which could potentially facilitate democratic control over European economy are vanishing. There is some hope, though, if the *Polanyi pendulum* starts moving in the opposite direction. According to Polanyi (1944), society reacts to ongoing disembeddedness and excesses of marketization (and the other way around to. So 'exit' and 'voice' are interrelated. Socio-economic processes in the CEE prove that

ultra neo-liberal policies, which entirely subjugate work and employment relations to market forces result in 'exit' strategies causing serious problems with the labour supply, and this, in consequence, increases demand for 'voice' strategies. Yet, as Polanyi noticed, social reactions to excesses of market economy do not have to be necessarily of democratic nature. That is why – Meardi asserts – the role of trade unions as an active actor of industrial relations is so important. All of a sudden, industrial relations, as an institutional framework where humanization and stabilization of labour market may take place, prove to be a viable platform for seeking reasonable answers to the effects of the pendulum moving back.

Is Meardi's diagnosis correct? Certainly, the 2004–2007 enlargement exposed fragility of European social policy arrangements, when they collided with an actual problem of democratic deficit in the post-Communist NMS. Still, one needs to remember that the true nature of the European integration project was from the very beginning predominantly economic. Trade unions became involved in the process of the integration strategy fulfillment, lured by a tactical promise of developing social dimension of integration. As a consequence, marketization of labour and all repercussions of that process followed. In order to reverse that trend (provided the *Polanyi pendulum* will be moving in the direction of 'voice'), a factor which Meardi mentions only at a margin is necessary. Regaining mobilization capacity by trade unions will not be enough, if the organized labour is not able to engage in effective cross-border cooperation and successfully represent workers' interests at that level. But this would require courage and determination of not only leaders but also regular union members to overcome barriers related to their local and national identities, and their particularistic interests. Is that objective achievable in the near future? The book by Guglielmo Meardi provides a fertile ground for debates over those issues.

## References

- Bennett, J., Kaufman, B. (eds.) (2007), *What Do Unions Do? A Twenty-Year Perspective*, New Brunswick: Transaction Publishers
- Hirschman, A. (1970), *Exit, Voice, and Loyalty: Responses to Decline in Firms, Organizations, and States*, Cambridge: Harvard University Press
- Meardi, G. (2002), 'The Trojan Horse for the Americanization of Europe? Polish Industrial Relations Towards the EU', *European Journal of Industrial Relations* 8(1): 77–99

Polanyi, K. (1944), *The Great Transformation*, Boston: Farrar&Rinehard [Polish edition: *Wielka transformacja*, Warszawa 2011]

**Sławomir Adamczyk, NSZZ ‘Solidarność**